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Recession Fears Deepen in Japan Amid Fewer Jobs And a Sliding Yen

By Sheryl WuDunn
New York Times Service

TOKYO — Japan's economic distress deepened Friday as unemployment jumped to another record high, bond yields tumbled to new lows and the currency hit a seven-year floor on fears that regional instability could send the world's second largest economy into a tailspin.

Koiji Omi, chief of the Economic Planning Agency and the nation's top economic policymaker, acknowledged Friday that the economic troubles were becoming increasingly severe, particularly in employment and production. The government said that Japan's jobless rate for males in April was 4.2 percent, and that for every 100 applicants there were only 55 jobs, the lowest number in two decades.

The yen slid, as traders turned to the dollar for safety after Pakistan conducted nuclear tests on Thursday, and it slipped further after the government said unemployment had hit 4.1 percent in April, up from 3.9 percent in March.

The dollar was quoted in late New York trading on Friday at 138.85 yen, compared to a rate of 115.86 yen a year ago.

Outside Japan, officials have been deeply worried that a sharp recession here could aggravate the Asian financial crisis, ripple around the world and knock the global economy off its tracks.

Concern also is mounting that Japanese government officials have few tools left to revive the recessionary economy and that they have not yet had a serious discussion on formulating economic policy. The country's central bank, the Bank of Japan, has already been pursuing an easy monetary policy and its official discount rate is at half a percent, leaving little room for the bank to drop rates again to help fuel growth.

"It's quite scary," said Andrew Shipley, an economist at Schroders Japan Ltd. Referring to the Bank of Japan, he added, "Japan's economy is sliding into recession without the BOJ able to cushion the blow."

Indeed, rather than discussing lowering rates, a top central bank official appeared in Parliament Friday to defend the current rates and assure politicians, who are fretting about the low rates on savings, that the official discount rate will be raised as soon as the economy gets back on a sustainable track.

With the dollar surging to 139 yen, some economists are worried about further drops for the yen. If the currency continues to slide, the risk escalates that its softening will trigger a round of competitive devaluation.

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Barry Goldwater Is Dead; Outspoken Conservative Lost '64 Presidential Bid

By Bart Barnes
Washington Post Service

WASHINGTON — Barry Goldwater, a five-term Arizona senator and a champion of conservatism whose presidential candidacy in 1964 launched a conservative revolution in the Republican Party, died Friday at his home in Paradise Valley, a suburb of Phoenix, of natural causes. He was 89 years old.

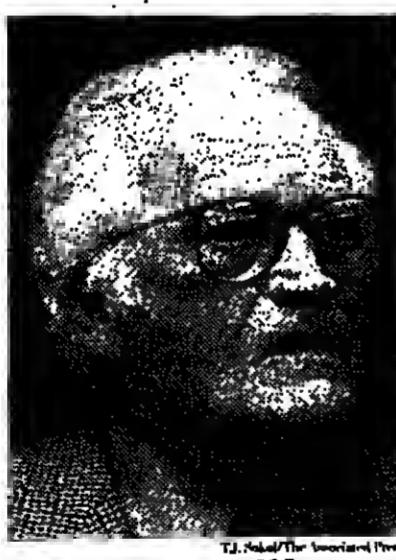
Mr. Goldwater, who retired from the Senate in 1986 as one of his party's most respected elder statesmen, suffered a resounding defeat when he ran for president. But his efforts helped prepare the way for the election of another conservative Republican, Ronald Reagan, as president in 1980.

The Arizonan carried only six states and 36 percent of the popular vote in 1964.

After the election, most analysts and commentators concluded that the Republican Party was hopelessly divided and that Mr. Goldwater and his conservative philosophy were all but politically dead. But in fact, he had wrested control of the party from the Eastern liberal wing that had dominated it for years.

By 1980, he was acknowledged as the founder of a conservative movement that had become a vital element in mainstream Republican thinking and a major ingredient in Mr. Reagan's political ascendancy. It was a 1964 speech delivered on behalf of Mr. Goldwater that brought Mr. Reagan to national prominence and helped launch his political career.

During his 1964 presidential campaign, Mr. Goldwater was attacked by Democrats and opponents in his party as a demagogue and a leader of right-wing extremism and racists who was all but



certain to lead the United States into nuclear war, eliminate civil rights progress and destroy social welfare programs, like Social Security. But that perception mellowed with time.

Mr. Goldwater served three more terms in the Senate after his 1964 defeat, and long before his retirement he had come to be regarded as the Grand Old Man of the Republican Party and one of

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Newsstand Prices			
Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.800 CFA	Qatar	10.00 QR
Egypt	£2 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1.100 CFA	Senegal	1.100 CFA
Italy	2,800 Lira	Spain	225 Pes
Ivory Coast	1.250 CFA	Tunisia	1.250 Dn
Jordan	1.250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. M.L. (Eur.)	...\$1.20



Andres Cornejo, taxi driver and devotee of psychologists and therapy.



A child during prayers in a mosque Friday as Pakistanis rallied behind the nuclear tests.

Cold War Specter Haunts India

Jubilation Vanishes, and Some Fear an Arms Race

By Kenneth J. Cooper
and John Ward Anderson
Washington Post Service

India's leaders promised their citizens that any new "Cold War" with Pakistan would not be like the one between the United States and the former Soviet Union. But so far, it is hard to see much difference.

They said there would be no arms race with spiraling costs and escalating tensions after India this month blasted its way to self-proclaimed status as a nuclear power. A nuclear arsenal in

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that Prime Minister Atal Bihari Vajpayee described as "dedicated to peace" would instead prevent war through deterrence, just like during the Cold War between the United States and former Soviet Union.

But the first nuclear tests ever conducted by Pakistan, which came Thursday, shattered whatever illusions that Mr. Vajpayee and his coalition government may have entertained about India being exempted from the dangers of nuclear arms.

Mr. Vajpayee and other government leaders said afterward that they had expected Pakistan to conduct its own nuclear tests, but just days before, members of his Hindu nationalist Bharatiya Janata Party had been crowing that maybe the Islamic Republic of Pakistan could not master the necessary technology or would be bought off by a generous aid package from the Clinton administration.

Not only did Pakistan claim to have matched India's five tests, Prime Minister Nawaz Sharif

went a few steps farther toward the brink of nuclear disaster. Mr. Sharif's government announced, on Friday denied, that nuclear warheads would be put on Pakistan's Ghauri missile, while India has avoided saying when or how the nation would assemble weapons.

Rather than pledge, as India has, not to use nuclear weapons first, Pakistan issued an unsual threat to inflict a first strike if India dared launch a military attack on its smaller neighbor. And instead of following India in declaring a moratorium on further testing, Pakistan appeared to be preparing to detonate additional devices.

Suddenly, jubilation disappeared among members of India's educated elite, who cheered its nuclear tests as a bold expression of national pride. A Western diplomat reported that fear had replaced glee in the eyes of Indian co-workers. A filmmaker who only a few days ago had delighted in bashing his country's assertion of its global import had not a word to say when asked about Pakistan's tests.

Opposition members of Parliament, previously hesitant to criticize a politically popular move, now have turned to accusing Mr. Vajpayee's government of precipitating an ominous arms race that it had promised to avoid.

"India shall not engage in an arms race," the government declared Wednesday in a policy statement to Parliament. "India shall also not subscribe to reinvent the doctrines of the Cold War."

See COLD WAR, Page 4

AGENDA

Clinton Appeals For Kosovo Talks

President Bill Clinton on Friday urged Ibrahim Rugova, the ethnic Albanian leader in Kosovo, to continue peace talks with Serbia to prevent a repeat of the war in Bosnia.

Kosovo "is a flash point in the Balkans every bit as tender — if not more so — as Bosnia," Michael McCurry, Mr. Clinton's spokesman, said as Mr. Clinton and Mr. Rugova met at the White House.

Yevgeny Surov, a close aide to Mr. Rugova, said Kosovo was on the brink of war. "We consider the situation in Kosovo as extremely dangerous. These are the first stages of war," he said. "War must be stopped."

The Dollar

	Friday 9:4 P.M.	previous close
New York	1.785	1.781
DM	1.785	1.782
Pound	1.6302	1.6228
Yen	138.85	138.75
FF	5.89	5.971

The Dow

	Friday close	previous close
-70.25	8899.95	8970.20
S&P 500	1.781	1.782

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The IHT online www.iht.com

Jakarta Easing the Grip Of Suharto on Business

Son and Son-in-Law Quit Sprawling Empire

By Seth Mydans
New York Times Service

JAKARTA — Cracks spread through the financial empire of former President Suharto on Friday as two of his relatives gave up their positions at the head of one of the country's largest conglomerates and the government announced measures to curb the economic favoritism that had allowed the Suharto family to amass billions of dollars.

As the former president rested at his Jakarta home, according to his half-brother, a groundswell grew for the return of the fortune of up to \$40 billion that he and his six powerful children are believed to have siphoned from their country's economy.

Newly liberated newspapers competed to display ever bolder headlines about the "Suharto trillions" — in Indonesian rupiah — and street vendors passed out photocopied lists of the Suharto holdings, complete with mug shots of family members.

Under heavy public pressure, Mr. Suharto's second son, Bambang Trihatmodjo, resigned Friday as president-director of the Bimantara Citra conglomerate, one of the country's largest companies, which he founded and has headed since 1981. He and a Suharto son-in-law quit the board of directors.

Outside the company headquarters, about 20 demonstrators sang and chanted. "The Suharto family wealth belongs to the people of Indonesia," said the leader of the demonstration.

Salaiman Hakal. "Give it back now."

But there is still a very long way to go to recover the vast family wealth — even at the Bimantara corporation. Despite the public retreat, Mr. Bambang and his brother-in-law, Indra Rukama, remain its largest shareholders, controlling together 52 percent of the company.

The government is still packed with wealthy Suharto cronies, including the half-brother, a groundswell grew for the return of the fortune of up to \$40 billion that he and his six powerful children are believed to have siphoned from their country's economy.

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See INDONESIA, Page 15

Major Powers Discuss

A Carrot for Test Ban

They May Offer Security Guarantees If India and Pakistan Accept Treaty

By Jim Hoagland
Washington Post Service

PARIS — The United States, France, Britain and other major powers have begun discussions on holding one or more international conferences to get India and Pakistan to renounce further nuclear testing in return for security guarantees and help from the industrial world in developing civilian nuclear power centers.

The thrust of the summit diplomacy now under discussion would be to shift the emphasis from the economic sanctions and condemnation that the tests have provoked to providing India and Pakistan with material incentives and a new status in international councils if they are willing to join bans on testing and the manufacture of plutonium and highly enriched uranium.

The seven or eight powers with the capability to do something should meet among themselves first to discuss what we can do to persuade India and Pakistan to sign the Comprehensive Test Ban Treaty and to join the negotiations in the Conference on Disarmament on the cutoff of the manufacture of fissile material.

President Jacques Chirac of France said here at Elysee Palace.

"Then India and Pakistan could join the talks without fearing they would be humiliated, as they fear now, and we could all work together to save the Non-proliferation Treaty, which must be saved," Mr. Chirac said in an interview that provided a window on the intensive diplomacy that has followed India's surprise nuclear testing in mid-May and Pakistan's retaliatory testing this week.

Mr. Chirac appeared to have the United States, France, Britain, Russia and China — the five permanent members of the United Nations Security Council, all of which possess military nuclear arsenals — and Japan and Germany, as major economic powers, in mind as the interlocutors with India and Pakistan in a summit conference.

In Washington, a U.S. spokesman said that foreign ministers of the five permanent members planned to meet

ISLAMABAD, Pakistan — Businessmen, bankers and investors criticized the Pakistan government's decision on Friday to limit access to their foreign currency accounts in the wake of tests of nuclear devices and the pressure put on the country's economy by international sanctions.

The United States imposed sanctions and other countries are considering cutting off loans and grants and curbing trade, after Pakistan answered the nuclear bomb explosions two weeks ago by its archrival, India, with underground tests of its own Thursday, setting off a dangerous new arms race in South Asia.

Many analysts have predicted that the sanctions could force Pakistan to default on its \$50 billion debt, about \$32 billion of which is owed to foreign lenders. In response, Islamabad announced a four-month state of emergency early Friday and froze about \$9 billion in foreign currency that is held in private accounts in Pakistan's banking system.

Owners of the accounts have access to the money, but only if they withdraw

Asia's nuclear breakout aims at prestige. • U.S. doubts Pakistan staged five tests. • Israel fears proliferation in the region. Page 5

the funds in Pakistani rupees at a government-set dollar rate of 46 rupees.

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Starr Goes Straight to Top

He Asks High Court to Settle Fight With Clinton

By Peter Baker
Washington Post Service

WASHINGTON — The independent counsel Kenneth Starr has asked the Supreme Court to intervene on an emergency basis to settle his fight with President Bill Clinton over executive privilege, adopting the same legal tactic and reasoning that Watergate prosecutors did in similar circumstances 25 years ago.

In a maneuver successfully employed only a handful of times in U.S. history, Mr. Starr asked the justices to bypass the appeals court and take the case directly from the district court, which has ruled that Mr. Clinton cannot use the privilege to shield top aides from testifying in the Monica Lewinsky investigation.

Under the accelerated timetable, the high court would hear oral arguments on June 29.

"This case is of high moment," Mr. Starr wrote to justify his request in the petition on Thursday. "It is strongly in the nation's interest that the case be resolved quickly so that the grand jury's investigation can move forward at the earliest practicable date."

The White House declined to comment on Mr. Starr's petition. "We have just been served with the papers and we have not yet had a chance to fully review them," said a spokesman, James Kennedy.

The executive privilege petition heralded a constitutional battle as the Supreme Court was asked to address the murky limits of presidential

secrecy for only the second time. Throughout his 14-page filing, Mr. Starr patterned his argument and even his proposed timetable after those used by the special prosecutor Leon Jaworski in persuading the Supreme Court in 1974 to order Richard Nixon to turn over the secret Oval Office tapes that forced him out of office.

"As with Nixon," Mr. Starr wrote, "this case is exceedingly important."

He added, "This litigation involves fundamental constitutional issues arising out of the doctrine of separation of powers."

Under the compressed schedule requested by Mr. Starr, the White House would have until Tuesday to respond to the request for certiorari. If the court then agrees to hear the case, Mr. Starr asked the justices to set a June 15 deadline for both sides to file briefs simultaneously and then June 22 for each to respond to the other. Arguments would be held on June 29.

Leapfrogging a case past an appeals court on such an expedited schedule is almost never done. In his petition, Mr. Starr could cite only five times the Supreme Court has agreed to do so, dating to 1947; in addition to U.S. v. Nixon, the other cases involved such issues as steel and mine strikes, and the question of Iranian assets during the Tehran hostage crisis.

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June. But it has already made one exception this term for Mr. Starr — agreeing to expedite a dispute over attorney-client privilege related to conversations the late White House deputy counsel Vincent Foster Jr. had with his lawyer before Mr. Foster's suicide.

Oral arguments are scheduled for June 8 on whether the attorney-client privilege dissolves when a client dies.

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In that case, the court established that a president does have a right to keep his internal White House communications confidential, but that except for national security matters, his interest must be balanced against prosecutors' need for evidence.

Applying that test, Nomia Holloway Johnson, the chief judge of the U.S. District Court, decided May 4 that the White House deputy counsel, Bruce Lindsey, and a communications adviser, Sidney Blumenthal, must answer Mr. Starr's questions in the Lewinsky matter.

Her ruling, made public Wednesday, also rejected Mr. Clinton's claim of attorney-client privilege in Mr. Lindsey's case.

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U.S. to Press Nigeria for Democratic Reforms

By Thomas W. Lippman
Washington Post Service

WASHINGTON — A high-level U.S. delegation is planning to go to Nigeria next month to appeal to the country's military ruler, General Sani Abacha, to institute democratic reforms, in a shift to a more direct approach by the Clinton administration to one of its most intractable foreign policy problems.

The administration has kept General Abacha at arm's length since he seized power in 1993. But rising tensions in Nigeria, attributed by U.S. officials to General Abacha's rigging of an August election in which he is the only candidate, the imprisonment of political opponents and a sagging economy have stirred fears in Washington of an "implosion" that could lead to widespread violence and perhaps engulf neighboring countries, a senior official said.

Persuading General Abacha to change course is "a long shot," one official said, "but we all agree that we don't want to see a deteriorating situation." Even if General Abacha rebuffs the U.S. team, as seems likely, the administration has no plans to sever diplomatic relations with Nigeria, despite appeals from some human rights and Africa watchdog groups to turn up the heat, senior officials said.

The U.S. team is to be led by Undersecretary of State Thomas Pickering, a former ambassador to Nigeria, and will include a four-star air force general in an effort to boost the delegation's credibility with the military government, officials said.

Nigeria under General Abacha has long been regarded by the Clinton administration as having one of the world's most reprehensible governments. Nigeria is under several forms of U.S. sanctions because of its record of human rights abuses, political repression and tolerance of narcotics trafficking.

Despite Nigeria's prominence as Africa's most populous country and a major U.S. oil supplier, President Bill Clinton, Secretary of State Madeleine Albright and former secretary of state Warren Christopher all conspicuously bypassed it on their high-profile trips to the continent.

The Pickering delegation's visit would be the highest-level U.S. contact with Nigeria in several years, but senior officials insisted that the mission does not represent any softening of the administration's position. On the contrary, they said, the purpose of the mission is to tell General Abacha that his political program is unacceptable to Washington and that he faces further ostracism if he persists.

There has been some suspicion on Capitol Hill and among prominent American blacks that the Clinton administration is preparing to accept General Abacha's rule as a fact of life and reconcile itself to doing business with the regime. Administration officials acknowledged that the suspicion was fueled by Mr. Clinton, when he inadvertently suggested during his trip to Africa in April that General Abacha might be acceptable to the United States if elected as a civilian.

Just over a week ago, the Reverend Wyatt Tee Walker, president of the American Committee on Africa, said on behalf of a coalition of black American groups that "there is growing evidence that the White House is tilting toward an accommodation with the dictatorship, an accommodation that is a betrayal of the Nigerian people and an abandonment of principle in U.S. policy toward Africa."

He was joined in calling for an embargo on Nigerian oil by Kweisi Mfume, president of the National Association for the Advancement of Colored People, Representative Maxine Waters, Democrat of California and chairwoman of the Congressional Black Caucus, Randall Robinson, head of the activist group TransAfrica, and several other prominent black leaders.

At the same time the chairman of the House International Relations Committee, Benjamin Gilman, Republican of New York, and Representative Donald Payne, Democrat of New Jersey, a former Black Caucus chairman, introduced legislation calling for additional sanctions on Nigeria and for the United States to offer aid to democratic opposition groups. Their purpose, Mr. Gilman said in a statement, was to send a "clear message" to General Abacha that his promised transition to democracy, currently designed to ensure his continuation in power, "is a farce and is unacceptable."

The Clinton administration has struggled for months to develop a cohesive policy toward Nigeria as some officials argued for a less confrontational approach while others advocated a tougher line.

ARGENTINA: A Country With a Passion for Psychology Tries to Figure Itself Out

Continued from Page 1

popular rock band in Argentina calls itself "The Paranoid Rats," while another is known as "The Crazy Old Ladies."

One neighborhood in Buenos Aires, a part of the Palermo district, has so many psychologists as residents that it has come to be known as Villa Freud. The neighborhood is graced by a popular restaurant that goes by the name Bar Sigmund and serves a concoction of cognac and vanilla named after the father of psychoanalysis.

Argentines talk about going to their therapists as openly as they discuss going to the butcher, and expensive therapy is as much a part of middle-class life as a summer weekend on the beaches of Mar del Plata or a season opera ticket at the Teatro Colon.

But Argentine interest in psychology

Estrada Officially Declared President of the Philippines



The president of the Philippines Senate, Neptali Gonzales, left, and the House speaker, Jose De Venecia, right, flanking President Joseph Estrada, who was proclaimed the country's president during a joint session of Congress in Quezon City on Friday.

French Vote on 1915 'Genocide' Infuriates Turkey

The Associated Press

PARIS — Drawing an angry response from Turkey, French lawmakers unanimously passed a motion Friday stating that Paris "publicly recognizes the Armenian genocide of 1915."

The National Assembly motion now goes before the Senate. If passed, France would become the first major European country to use the term "genocide" to describe the deaths of about 1.5 million Armenians in Ottoman Turkey between 1915 and 1923.

Turkey denies that the deaths constituted genocide, insisting they were the result of a civil war, and strongly criticized the passing of the motion.

"Terrorist acts against Turkish diplomats in France will escalate," Foreign

Minister Ismail Cem said. "Therefore, we are asking the French government to increase security at Turkish diplomatic missions."

Mr. Cem, attending a NATO meeting in Luxembourg, was referring to the killing of 34 Turkish diplomats and family members by Armenian militants during the 1970s and early 1980s. Five were killed in France, in attacks that included a 1983 bombing at Orly Airport near Paris that left eight people dead and 54 wounded.

"This decision is also a move aimed at destroying ties between Turkey and France," Mr. Cem said.

President Suleyman Demirel said the French motion had "no meaning other than misrepresenting the historical facts."

"I invite the French Senate to use its common sense and correct this wrong decision," the Turkish president said in a statement.

Prime Minister Mesut Yilmaz of Turkey warned his French counterpart, Lionel Jospin, in a letter Thursday that passage of the motion would antagonize Turks.

"Turks are extremely sensitive to the use of the word 'genocide,' used to define the sad events that took place during World War I," he wrote. "And feel they are being unjustly accused of a crime they have not committed."

The short motion approved by the National Assembly states simply: "France publicly recognizes the Armenian genocide of 1915."

GOLDWATER: Conservative Dies at 89

Continued from Page 1

the nation's most respected exponents of conservatism, which he sometimes defined as holding on to what was tested and true and opposing change simply for the sake of change.

His friends said he was often misunderstood, but his reputation for personal integrity was unblemished.

At the height of the Watergate crisis, when the Republicans in Congress were summoned to tell President Richard Nixon that he should resign, they chose Mr. Goldwater.

Instead of telling the president what to do, Mr. Goldwater simply informed him in the Oval Office on Aug. 7, 1974, that the Republicans in Congress were unwilling and unable to stop his impeachment and conviction should he remain in office. Mr. Nixon resigned the next day.

A stickler for the Constitution, Mr. Goldwater refused to join the Republicans of the New Right during the 1980s when they began to press for legislation that would limit the authority of the federal courts to curb prayer in public schools or order busing for school integration.

He was a staunch opponent of busing and he backed prayer in schools, Mr. Goldwater said, but he thought it a dangerous breach of the separation of powers for Congress to be telling the courts what to do.

His political philosophy also included a strong military posture, a deep mistrust of the Soviet Union and a conviction that increasing the scope of government programs was no way to solve social problems.

In all, he served 30 years in the Senate, but he was out of office for four years after he lost his bid for the presidency and in political limbo for almost a decade after that defeat.

He came back during the Watergate crisis of the early 1970s. Then the hunt damaged Mr. Goldwater's presidential campaign and his outspoken criticism of President Nixon's failure to deal with the growing Watergate scandal were among the vital ingredients of his political renaissance.

The president, he asserted, had shown "a tendency toibble and dabble and argue on very nebulous grounds like executive privilege and confidentiality when all the American people wanted to know what was the truth."

A quintessential Westerner and a man of great personal charm, Mr. Goldwater was an incurable gadzetteer who loved

such devices as the electronically operated flagpole at his Arizona home that was rigged to raise the flag at the precise moment it was struck by the rays of the morning sun.

He was an enthusiastic ham-radio operator, pilot and photographer, who loved to take pictures of the people and landscapes of the American West.

He championed a brand of rugged individualism, and he never hesitated to speak his mind. He could be both colorful and profane, and he often said things he later wished he hadn't.

"Barry, you speak too quick and too loud," former President Dwight Eisenhower once told him, and Mr. Goldwater acknowledged that Mr. Eisenhower was right.

"There are words of mine floating around in the air that I would like to reach up and eat," he once said.

For example, asked by the columnist Stewart Alsop in 1963 what it might feel like to wake up as president some day, Mr. Goldwater remarked, "Frankly, it scares the hell out of me."

When members of his own party advocated policies that he considered too much like those of the Democrats, he ridiculed them for "me-tooism." Once he called the Eisenhower administration "a dime store New Deal," and the former president never fully forgave him.

In 1961 he said at a news conference that "sometimes I think this country would be better off if we could just sail off the Eastern Seaboard and let it float out to sea," and the comment came back to haunt him for years, as did remarks about making Social Security voluntary and selling the Tennessee Valley Authority.

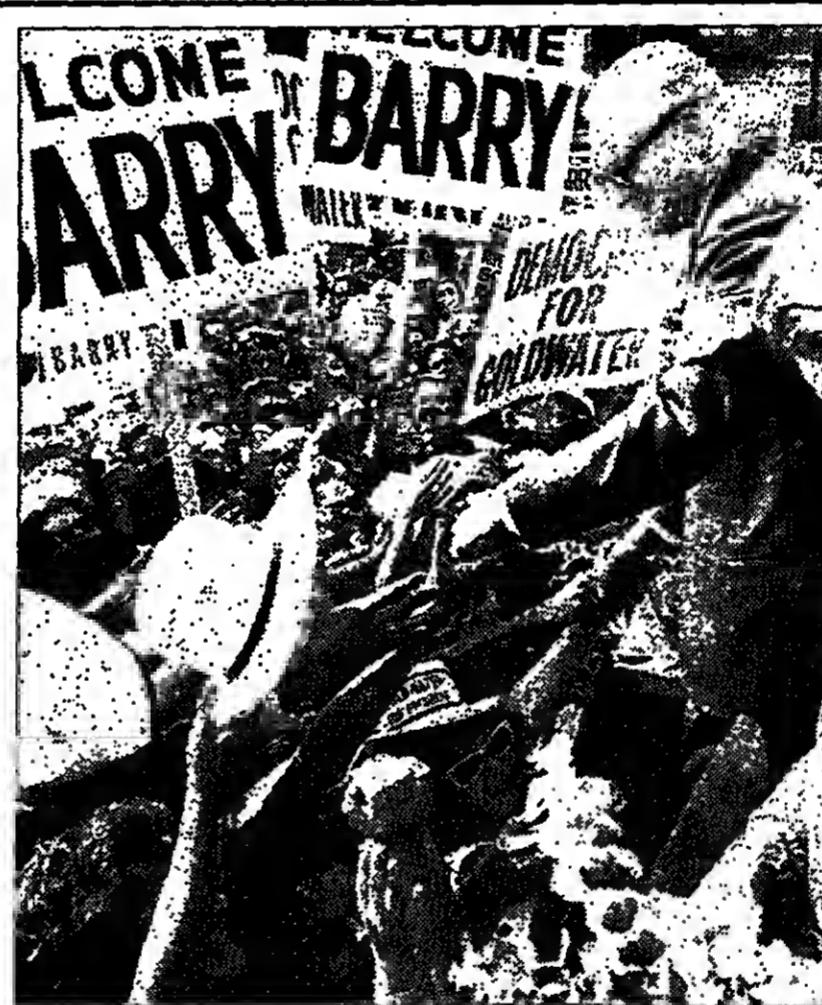
To many, Mr. Goldwater was a man of contradictions.

He ended racial segregation in his family department stores and was instrumental in ending it in Phoenix schools and restaurants and in the Arizona National Guard. But he was also voted against the 1964 Civil Rights Act, contending that it was unconstitutional, and he backed restrictive amendments to earlier civil-rights legislation.

Blacks voted overwhelmingly against him in 1964.

Mr. Goldwater's relations with the press were never smooth. He often complained that what he said was misinterpreted or distorted or both. During his presidential campaign, reporters sometimes complained that Goldwater aides asked them to "write what he means, not what he says."

Mr. Goldwater said he would have voted against himself in 1964 if he believed



Barry Goldwater campaigning for the presidency in Indianapolis in 1964.

lied everything that had been written or said on radio and television about him.

In May 1963, he caused an international uproar when he suggested on a television program that "defoliation of the forests by low-yield atomic weapons could well be done" to expose the supply routes for the flow of arms from North Vietnam to the Viet Cong guerrillas in the south.

He and his supporters argued strenuously that he had never suggested that atomic weapons actually be used, but the remark only provided fuel for his critics, who contended the next year that electing Mr. Goldwater president could only increase the likelihood of a nuclear disaster.

In the Republican primaries, Governor Nelson Rockefeller of New York stumped the country and raised questions about what he called Mr. Goldwater's "extremism."

Governor William Scranton of Pennsylvania, at the Republican National Convention in San Francisco, told Mr. Goldwater he would have been a man of contradictions.

That convention was long remembered for the spectacle of Goldwater partisans alt drowning out Mr. Rockefeller with a chorus of boos and hoots when he addressed the delegates from the speakers' platform.

It was also long remembered for Mr. Goldwater's acceptance speech in which he declared that "extremism in the defense of liberty is not vice, and moderation in the pursuit of justice is not virtue."

Mr. Goldwater would later explain that the phrase was borrowed from the Roman statesman Cicero.

Argentina first became a world-class center for psychotherapy in the 1940s, when a wave of European immigrants included several prominent Jewish psychoanalysts from Germany and Austria. Today a large proportion of the country's psychotherapists and patients are Jews, whose population of 250,000 is one of the largest in the world outside Israel and the United States.

But the large number of Jews and Argentina's interest in all European intellectual fashions do not explain the long-standing national interest in psychology. A world view of

Argentina: A Country With a Passion for Psychology Tries to Figure Itself Out

things being a disaster in Argentina."

In the 1970s, the therapist military junta outlived psychology as a national problem, blaming psychologists and psychoanalysts for the country's negativity and navel-gazing. Several prominent psychologists disappeared.

Argentina: A Country With a Passion for Psychology Tries to Figure Itself Out

PAKISTAN: Controls on Funds Faulted

Continued from Page 1

while \$2 billion belongs to foreigners.

The main concern among account holders is that, if Pakistan defaults on its loans, it could lead to a devaluation and other turmoil that might prolong the new controls and prevent them from removing their money from the country.

Furthermore, as the government grapples with the financial problems and international investors lose confidence, the real value of the rupee could slide, and people would be tied to the government set rate. Black market exchanges in Karachi were paying 52 rupees for \$1 on Friday, and not one was selling dollars.

Mr. Aziz asked Pakistanis to support the government's economic moves the way they had backed its decision to test its nuclear bombs, urging them not to trade money on the black market and encouraging them to withdraw foreign exchange from domestic banks in rupees and invest it in tax-free defense bonds.

COLD WAR: Specter Haunts India

Continued from Page 1

K. Subrahmanyam, an Indian columnist who specializes in international relations, last week remarked that, "Americans think what happened in the United States and Europe will happen here, and it won't."

Even before Pakistan's tests, two American specialists on South Asian security issues had suggested that government leaders who believe in India's exceptionalism were mistaken in this instance. "They say they won't go through the same Cold War, but they are human and they've made strategic mistakes in the past," said Stephen Cohen of the University of Illinois. "They are no worse than us, but no better, and the stakes are very high."

Scott Sagan, a political scientist at Stanford University, said: "They are taking only the positive aspects of the past experience and saying they'll copy that, and they're assuming they'll avoid the negative aspects. There's no reason only the good news of the past will repeat itself."

But supporters of nuclear arms in both India and Pakistan have tended to read the history of the first Cold War as if the eventual outcome, no nuclear confrontation between the United States and the former Soviet Union, was entirely predictable. As a result, nuclear weapons have been widely seen as certain to again be peacekeepers, this time on a tense subcontinent where communal passions have been known periodically to race out of control.

"It keeps peace," Bharat Karnad, an Indian analyst, said on a recent television talk show.

Before Thursday, Indian officials had at times appeared to underestimate the risks of unintentional nuclear conflict, a scenario that prompted both the United States and the former Soviet Union to install elaborate systems of command and control over their nuclear arsenals.

Jaswant Singh, a member of a task force drafting plans for a national security council that is to develop India's nuclear doctrine, last week dismissed a foreign reporter's questions about a specialized command and control structure as "a matter of detail."

Kenneth J. Cooper reported from New Delhi and John Ward Anderson from Islamabad.

DIPLOMACY: Carrot, Not Stick

Continued from Page 1

The United States, which has taken a firm line against the testing by imposing strong economic sanctions against both countries, also strongly opposes any weakening of the Nuclear Nonproliferation Treaty, which India and Pakistan have refused to sign.

But Mr. Chirac confirmed that he and other European leaders feel sanctions alone would make India and Pakistan more desperate and more determined to pursue their nuclear policies.

While voicing a strong desire to work closely with the United States, the French president did not hide his disapproval of the U.S. sanctions.

"The main effect of such sanctions in these circumstances is to make the weak suffer even more," Mr. Chirac said. "We can see that the tests occurred and therefore the threat of sanctions did not work. We have to talk together, and then talk to India and Pakistan, in a more understanding way, even as we make it clear that we disapprove of what they have done."

He specifically proposed that the conference make it clear to India and Pakistan that they would get help with significant peaceful nuclear electricity programs if they gave up testing and the processing of weapons-grade nuclear material themselves. France is a major exporter of nuclear generating technology.

"We are also threatened by the pollution bomb if these and other countries in Asia do not switch to clean energy sources," a principal issue of the Kyoto conference on global warming last December, Mr. Chirac noted. "Sanctions will make it more difficult for India and Pakistan to do so."

Asked if a conference should also extend security guarantees to the two states, Mr. Chirac responded that he favored such guarantees "in one form or another," specifying that China and Russia should be involved in the discussions on that subject.

India has already indicated that it will not attend any conference that discusses new punitive action against it and may demand the suspension of sanctions as the price for participating, diplomats say.

Mrs. Albright is reported to have taken the lead in Luxembourg in discussing a new search for ways out of the dead end produced by the tests and the mandatory imposition of U.S. sanctions.

But diplomatic sources said that the United States was taking a

trials on Funds Faulted

COLD WAR
Specter Haunts India

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Asia's Nuclear Breakout: Opening Up a Perilous Route to 'Prestige'

By Steve Coll
Washington Post Service

WASHINGTON — Since the moment at the 1986 summit meeting in Reykjavik, Iceland, when Ronald Reagan and Mikhail Gorbachev shocked the public by musing out loud about abolishing nuclear weapons, the world's security has been shaped by a seemingly inexorable trend: the decline of nuclear arms as legitimate instruments of military and strategic power.

Now, under the deserts of a subcontinent far from Western capitals and even farther from Western understanding, the prospect of nuclear war has returned to the global stage, as Indian and Pakistani leaders test nuclear bombs amid aggressive, sometimes apocalyptic rhetoric that echoes

hauntingly the most irrational phases of the West's "Dr. Strangelove" period.

The Indian Subcontinent's sudden nuclear breakout stems mainly from the recent rise to power in India of a sometimes virulent Hindu nationalist movement whose hard-line elements seek nothing less than to reinvent modern India, breaking sharply from its 50-year experiment with constitutional secularism.

For the extremists in this movement, defining the world by acquiring nuclear weapons and starting an arms race with Pakistan is but a means to long-standing domestic ends.

But what unfolds in the weeks and months ahead has implications that extend far beyond the Subcontinent, as global leaders struggle to hold on to the progress that has been made since the

"If these actions by India and Pakistan are not reversed — and I know that's difficult — we can expect other states to follow suit over time."

Cold War in halting the spread of nuclear weapons worldwide.

"If these actions by India and Pakistan are not reversed — and I know that's difficult — we can expect other states to follow suit over time," said Thomas Graham Jr., the longtime U.S. arms-control negotiator who led the successful U.S. effort in 1995 to win indefinite extension of the Global Nuclear Nonproliferation Treaty. What the tests indicate, especially the Indian tests, Mr. Graham said, "is that the acquisition of

nuclear weapons can be viewed as a legitimate way to increase national prestige."

And if the existing nonproliferation regime begins to unravel because of a nuclear arms race on the Subcontinent, Mr. Graham predicted, "it will mean that the world will begin to proceed down the path toward widespread nuclear proliferation that we narrowly avoided back in the 1960s."

The gravest immediate threat, of course, is out to the rest of the world, but

to Indians and Pakistanis themselves. Uncertainties on each side about the other's exact nuclear and missile capabilities, deep mutual suspicion at both the governmental and popular levels, poor communications across the border and an active dispute in the Kashmir region that involves exchanges of artillery fire are all combining to make the emerging crisis extraordinarily dangerous.

Nor is there any indication that either

side plans to pull back anytime soon. Pakistan has a medium-range Ghauri missile that has been flight-tested and can strike many major Indian cities. The Ghauris fly much farther than any missiles India could bring into the field in the near future, according to Western analysts.

India's options, should it decide to try to deploy nuclear weapons rapidly, would be to try to fit them on its short-range Prithvi missile — which can barely clear the Indian border and would pose risks to India's own population in any nuclear exchange — or else to strap nuclear bombs onto jet aircraft and hope that at least one or two could penetrate Pakistan's patchy air defenses if a strike were ordered.

The Indians have announced that their own medium-range missile, the Agni, is ready for deployment, but many Western analysts believe that assertion to be a bluff, estimating that the Agni is at least a year or two away from deployment.

"I'm afraid the Indians are going to say, 'We're going to match you in kind, and then some,'" said Sunil Ganguly, a specialist in South Asian military issues and author of a recent book on the Kashmir dispute. Mr. Ganguly said he feared that the Pakistanis were near "a point of no return" to testing and deployment. Particularly with the current government in New Delhi, he said, the Pakistanis "are not going to let up."

The most dangerous flash point, as it so often has been during previous conflicts between India and Pakistan — including two of the three wars they have fought since 1947 — is Jammu and Kashmir, an idyllic mountain province of India that was once a magnet for tourists but is now a cauldron of rebellion by Kashmiri Muslim militants seeking to break away from Indian rule.

The eight-year-old Kashmir rebellion has helped draw both the Indian and Pakistani armies to the disputed region in force, where they routinely trade fire across an international demarcation line and accuse each other of egregious provocations.

Over the last few days, this dangerous situation has been exacerbated by the saber-rattling declarations of L. K. Advani, the home minister in India's Hindu nationalist government. A week ago, Mr. Advani warned Pakistan that India's nuclear tests had "brought about a qualitatively new stage in Indo-Pakistani relations" and said that Pakistan should "roll back its anti-India policy, especially with regard to Kashmir."

Then, on Saturday, Mr. Advani was given charge of affairs in Jammu and Kashmir, a development that has alarmed Pakistani officials, at least because he and others in his party have been talking about authorizing military "border pursuit" of Kashmiri rebels into Pakistani-controlled territory.

Pakistan's own published military doctrine has long held that to prevail in a conventional conflict with India — which has a great advantage in numbers of soldiers, tanks and aircraft — Pakistan would have to move quickly and boldly to strike deeply into Indian territory and try to force an early end to the conflict.

5 Pakistani Blasts? U.S. Is Doubtful

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — Pakistan's claim to have tested five nuclear weapons was greeted with skepticism among military and intelligence analysts in Washington, who said they had detected a single, relatively weak seismic signal emanating from Pakistan's test site and had reason to expect that additional Pakistani nuclear blasts would occur there in coming days.

Unlike India, which succeeded in hiding its preparations for an underground nuclear test on May 11, Pakistan had made no attempt to hide its activities at the Chagai Hills site in the country's southwest, including its burial of several nuclear devices and its capping of the holes with concrete plugs known to nuclear experts as "stems,"

the officials said. "There was no deception on the part of the Pakistanis," said a Defense Department spokesman, Kenneth Bacon.

"We knew very much what they were up to," he said.

Warning by intelligence agencies that a test was imminent were considered credible enough to prompt an intense but unsuccessful effort by President Bill Clinton and other senior U.S. officials to dissuade the Pakistani government from proceeding.

But other U.S. officials said that intelligence agencies had not acquired any evidence Thursday that Pakistan had actually conducted as many as five nuclear explosions.

These officials said that many analysts doubted the credibility of the assertion by Prime Minister Nawaz Sharif of Pakistan.

Instead of five, "it appears at least two" bombs were tested, said one U.S. intelligence official, who stressed that the existence of a single seismic signal from the test site means the devices must have been detonated at the same moment.

While it is not implausible that a simultaneous detonation involving two weapons would be conducted, it would be technically challenging and highly unusual to conduct five such simultaneous blasts, several other officials said.

Other officials said Washington believed that at least two of the bombs deposited in holes by Pakistani nuclear scientists had not been detonated.

Because the holes have been plugged by concrete stems, retrieval of the bombs would be difficult and their eventual detonation is virtually certain, the officials said.

Based on preliminary data, U.S. officials estimated the cumulative force of the Pakistani blast or blasts at from 2 kilotons to 12 kilotons, and most likely 6 kilotons, or roughly equivalent to 6,000 tons of TNT.

But the officials said this was less than what U.S. intelligence experts had estimated as the likely yield of even one of the principal bombs in Pakistan's arsenal, raising questions about whether the device or devices exploded by Pakistan had performed as expected.

They said that Pakistan might have exaggerated its accomplishment in an effort to match the assertions by India's leaders that they had successfully exploded a total of five devices on May 11 and May 13.

Washington still has no evidence to substantiate its entirety the Indian claim, having failed to pick up radioactive emissions from any of the blasts.

"We don't believe either nation is really telling the truth about what they did," a U.S. official said. The official noted that hyperbole was a routine feature of Indian and Pakistani assertions about the threat each poses to the other.

In particular, the official said, India's claim to have detonated a thermonuclear device, or hydrogen bomb, was regarded by some experts as unlikely.

"Either it was not really a thermonuclear weapon, or it was a thermonuclear weapon that did not go off," because of some error, another U.S. official said.

"The general view is that the Indian tests were not fully successful."

Nuclear Nonproliferation?

A chronology of nuclear tests since the Nonproliferation Treaty (NPT) was made permanent in 1995.

1995

May 11 A UN conference publicly approves indefinite extension of the 178-member NPT agreement.

May 15 China conducts an underground nuclear test just days after the successful extension of the NPT treaty.

June 13 France announces it will resume nuclear weapons testing in the South Pacific.

Aug. 17 China's second underground nuclear test in five months provokes worldwide condemnation.

Sept. 5 France conducts underground nuclear test on Mururoa Atoll, causing international uproar.

Oct. 1 France conducts a second test at Fangataufa atoll five times as powerful as the first. The 16-nation South Pacific Forum suspends ties with Paris.

Oct. 27 France sets off a third nuclear explosion, equivalent to 60 kilotons of TNT.

Nov. 21 France's fourth test, equivalent to less than 40 kilotons of TNT, at Mururoa.

Dec. 27 Fifth nuclear test by the French.

1996

Jan. 27 France conducts its sixth and most powerful test at Fangataufa, equivalent to 120 kilotons of TNT.

Jan. 29 President Chirac announces an end to French nuclear tests.

Source: Reuters

March 25 France, Britain and the U.S. sign the South Pacific Nuclear Free Zone Treaty.

April 12 Forty-three African states sign treaty declaring Africa free of nuclear weapons.

June 1 China carries out nuclear explosion at the Lop Nor test site in Xinjiang province.

Sept. 11 UN approves Comprehensive Test Ban Treaty (CTBT), which bans nuclear test explosions but not laboratory testing to refine nuclear weapons. India rejects the treaty as flawed, and Pakistan also refuses to sign.

1997

July 2 U.S. begins a round of controversial nuclear tests in the Nevada desert.

Sept. 11 Second underground explosive test on radioactive plutonium by the U.S.

1998

Feb. 28 French Senate votes unanimously to ratify the Comprehensive Test Ban Treaty.

March 19 U.S. announces it will begin a series of underground explosive tests on radioactive plutonium.

May 11 India conducts three underground nuclear tests in Rajasthan, close to the border with Pakistan.

May 13 India conducts two more tests.

May 28 Pakistan says it conducts five nuclear tests in response to the same number by India.

International Herald Tribune

UN 'Deplores' Pakistani Tests

Reuters

UNITED NATIONS, New York — The Security Council on Friday strongly deplored Pakistan's underground nuclear tests, carried out two weeks after India conducted a similar series of blasts, and urged both countries to refrain from further testing.

In a statement, the council said "that testing by India and then by Pakistan is contrary to the de facto moratorium on the testing of nuclear weapons or other nuclear explosive devices, and to global efforts toward nuclear nonproliferation and nuclear disarmament."

The council had planned to issue its statement Thursday, but the Chinese delegation had asked for more time to obtain instructions from Beijing. China is an ally of Pakistan.

The council appealed to both India and Pakistan to sign the Nonproliferation Treaty and the Comprehensive Test Ban Treaty.

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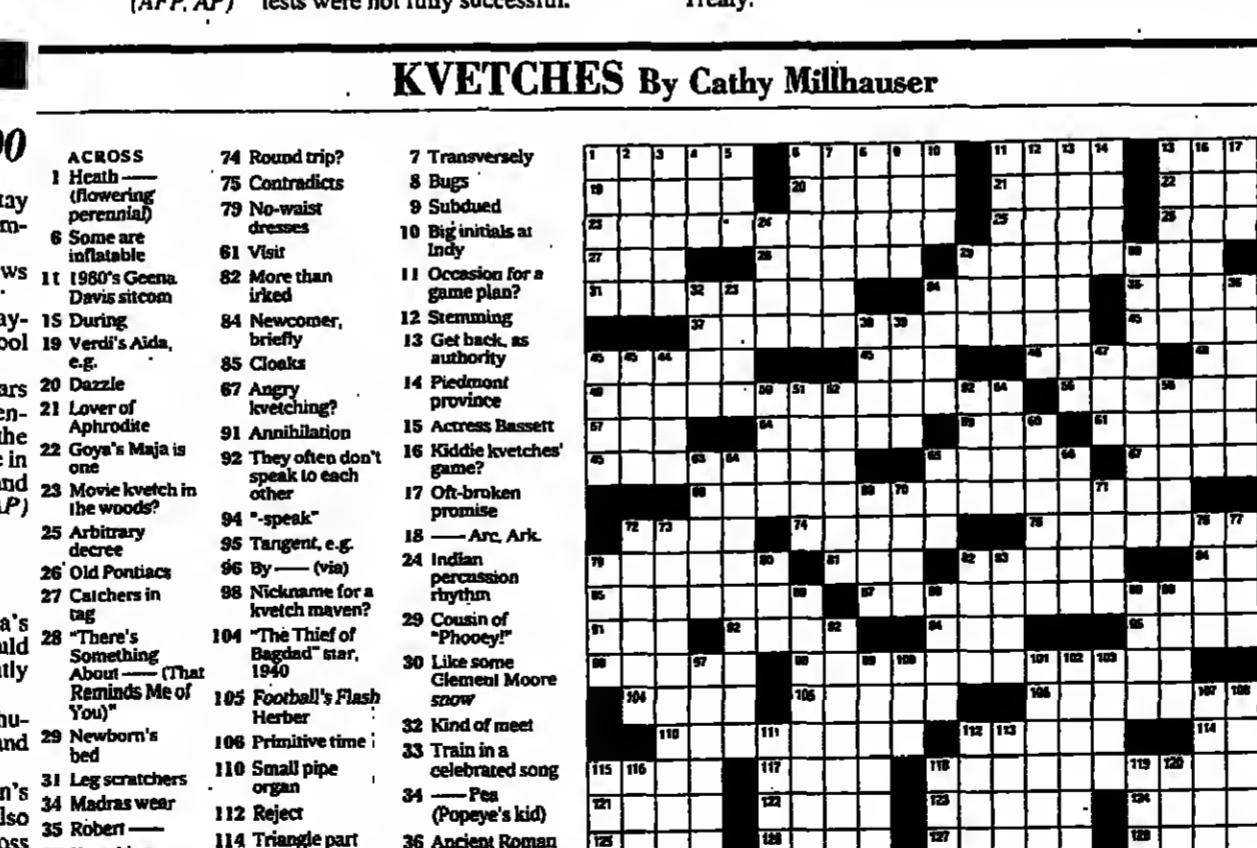
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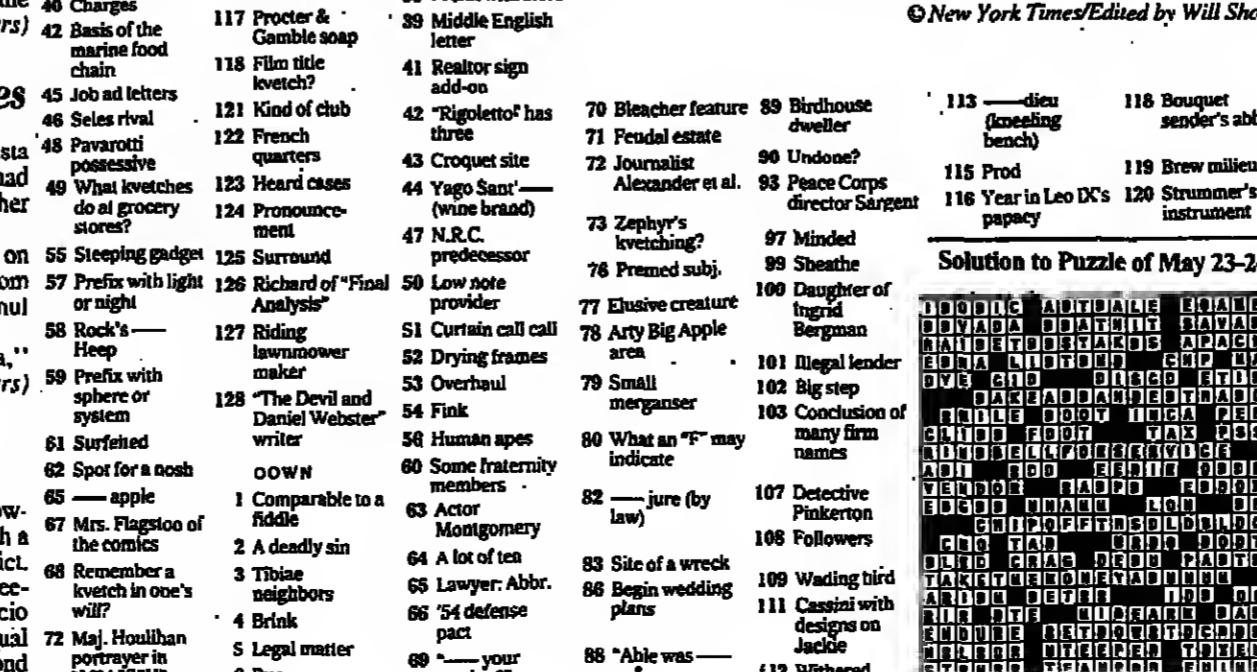
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KVETCHES By Cathy Millhauser



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Pakistan's Nuclear Retort

Restrain the Hostility

Hitching nuclear weapons to the bristling hostility between India and Pakistan has long been a frightening prospect. It became a reality Thursday when Pakistan tested five nuclear devices just two weeks after India did the same. The two nations have now achieved a fearful symmetry that, if managed carelessly, could produce a nuclear confrontation. To avoid that deadly result, Pakistan and India, with the help of the United States and other nations, must move immediately to limit their nuclear ambitions.

It may seem difficult to imagine such restraint only hours after the Pakistani tests, which came despite a concerted diplomatic campaign by Washington and the threat of U.S. economic sanctions. But unless the two countries are bent on destroying one another, they have by testing achieved military and political objectives that cannot be further advanced by building or using nuclear arsenals.

Both countries have proved, to each other and the world, that they can create nuclear weapons, and have satisfied nationalist pressures to do so. Each knows that the other can quickly fashion warheads and missiles to deliver them. That is as far as this arms race should go. It can end there if India and Pakistan declare testing moratorium, cancel plans to put warheads on missiles and move to join 149 other nations in a test-ban treaty.

THE NEW YORK TIMES.

Nuclear Club Duties

Restraint was widely urged on Pakistan after India conducted five nuclear tests. But those doing the urging had to know their appeal was hollow. Pakistan, feeling that nothing less than its survival was at stake, was being asked to give up a matching nuclear option in return for an uncertain set of international guarantees. India's tests were strategically gratuitous: They did not emanate from any threat that reasonable people could perceive, certainly not one from Pakistan. Pakistan's five tests on Thursday, however, had a claim of strategic justification. That is why India's test enraged many in Washington and elsewhere, while Pakistan's were received more in sorrow than in anger.

In a kinder world, the United States would treat different sorts of tests differently. Unfortunately, congressional micromangers have left the president with no choice but to apply the same stern economic and political sanctions to all offenders. A poor country, India knew what these penalties would be, but, caught up in its new phase of Hindu-nationalist pride, tested. Poorer

THE WASHINGTON POST.

Unions' Political Power

Is it fair that union leaders can give union money to politicians who may or may not be supported by individual union members? That is the question posed by Proposition 226, a California budget initiative being voted on in the primary election Tuesday.

The proposition would bar unions from using any part of an individual member's dues for political contributions without annual written permission from the member. Those opposed in letting the union contribute their money would get that amount back for themselves. They could use it to contribute to their favorite candidate, or to buy milk, or for any other purpose.

Unions currently give money to politicians, mostly Democrats, who support them on issues of importance to labor, ranging from tenure for public school teachers to trade legislation. It is quite possible that any given union member may be on the opposite side of such issues or not care about them. That union member might, on the other hand, be passionate about abortion, gun control or some other issue and be unwilling to see his or her money go to anyone who voted the wrong way — as the union member saw it — on those issues.

Unions have mounted a vigorous campaign against the California proposition, arguing correctly that it would effectively bar them from spending money while their opponents could still flood money into campaigns. They are right, and for that reason the one-sided proposition deserves to be defeated.

THE NEW YORK TIMES.

Herald Tribune

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DESTINATION GREECE DOORWAY TO THE OLYMPICS

THE OLYMPICS TO COME HOME IN 2004

Preparations are under way for the return of the Olympic Games to their country of origin.

Athenians, and Greeks in general, rejoiced last September when International Olympic Committee President Juan Antonio Samaranch announced in Lausanne that the Olympics were "coming home." It was his way of saying that the 2004 Olympic Games had been awarded to Athens, the city where the modern Olympics started in 1896, and to Greece, where the Olympic idea was born almost 3,000 years ago.

Greece had also applied for the 1996 centennial Olympics, but was instead awarded the games of 2004. This made the Greeks realize that the games were a very serious international sports, social and financial affair not governed by sentiment but by purely business considerations.

Thanks to a committee headed by Yanna Daskalaki Angelopoulou and the mayor of Athens, Dimitris Avramopoulos, Greece persuaded the IOC that it was ready to organize the games.

"Now we face the challenge of organizing the finest games," says Stratidis, chairman of the board of the organizing committee of the Athens Olympic Games, a company set up by the government to proceed with the preparations and the construction of all the facilities that are still needed for the games.

"Despite some Mediterranean traits that we Greeks are sometimes said to have," says Mr. Stratidis, "we shall stun the world with the quality of the show we put on." He expects the eyes of the entire world to be focused on Greece for 15 days in 2004.

Who started it?

The Olympic Games, which are held every four years, with the winter and summer games staggered by two years, began in Greece in 776 B.C. to honor Zeus, the father of Gods and men, and to commemorate a horse race organized by Oenomaus, a king of ancient Olympia, with his daughter Hippodamia given as the prize. It was won by Pelops, a prince from Asia Minor, who gave his name to the Peloponnesus, where Olympia is located.

To understand the importance of the Olympics for the ancient Greeks, one has to remember that they used the first Olympic Games to begin the dating of their era. During the games, all wars between Greek states stopped. That, of course, did not stop outside wars. Will Durant, in his "History of Civilization," emphasized that while the Spartans under Leonidas were in Thermopylae to fight the Persians, most Greeks were gathered in Olympia to attend the 74th Olympics.



Stratis Stratidis, chairman of the board.

"We must not think that the average Greek was a student of Plato or Aeschylus," wrote Durant. "He was interested in sports, the same way modern Americans and Englishmen are. His favorite athletes were his gods on earth."

Although the victory prize in the games was an olive branch, athletes were pampered and showered with gifts by their fellow citizens. They also served as models for most of the beautiful statues produced by Greek artists.

The modern revival
The modern Olympics owe their revival primarily to two men, the French Baron Pierre de Coubertin and Dimitrios Vikelas, a Greek author who represented Greece in a 1894 meeting of sports enthusiasts in Paris and persuaded them to hold the first new games in Athens in 1896.

At that time, the organizing committee faced only the problem of a stadium, since the Olympics included only track and field events. Athens had an ancient stadium, built in 330 B.C. That stadium was repaired and provided with seats for about 50,000 spectators in A.D. 131 by Herodes Atticus, a wealthy Athenian and friend of the Roman emperor Hadrian.

In 1894, the organizers turned to George Averof, a wealthy Greek merchant living and working in Alexandria, who financed the repairs and the resurfacing with marble of the ancient stadium, turning it into a modern facility with a capacity of 80,000 spectators. The all-marble Athens stadium is today used only for the finish of the 26-mile Marathon, commemorating the victory of ancient Athenians against the Persians in Marathon in 490 B.C.

The new Olympic Stadium and several other facilities for swimming, basketball and soccer were constructed in the area of Maroussi, about 10 kilometers (six miles) north of the city center.

The organizing committee, however, still has a lot to do to prepare for the Athens games. Facilities to be built include the Olympic Village on the slopes of Mount Parnes, 30 kilometers north of Athens, with a budget of \$290 million; an Olympic Sports Complex in Phaliron, where the Athens racetrack is today, 5 kilometers south of the city center, at a cost of \$100 million; an Equestrian Olympic Center and a racetrack in Tatoi, 10 kilometers north of Athens, which will cost \$30 million; the Phaleron installations for baseball, softball and volleyball, 6 kilometers south of the city center, estimated to cost \$370 million; the Ayios Kosmas Olympic Sailing Center, opposite the Athens Airport, 10 kilometers



Athens Mayor Dimitris Avramopoulos and Yanna Daskalaki Angelopoulou, president of the Athens 2004 organization.

south of Athens, which will cost \$17 million; and the rowing and canoe basin in Marathon, 40 kilometers northeast of Athens, estimated at \$34 million.

"We are fortunate in that a significant portion of the infrastructure, about 70 percent, is already in place," says Mr. Stratidis. "This gives us hope that, given a continuing media interest in the Summer Olympics, some of these projects will prove to be self-financing."

Healthy benefits

Mr. Stratidis adds that, according to the major financial institution HSBC James Capel, the Olympics will have a substantial beneficial impact on the country's development and the economy in general.

Even before having secured the Olympics, Greece had undertaken a number of major projects in the Athens area. These projects, necessary to improve the city's quality of life, are also indispensable for the games. They include the expansion of the Athens Metro, to be ready by the end of 2000, and the new Spata Airport, where 3,500 workers are currently working, scheduled to open in March 2001. According to Public Works Minister Costas Laliotis, the new airport "will be an exemplary work. It will give the best of

first impressions to visitors to our country." The Elefsis-Spata highway is also scheduled for opening before the Olympics.

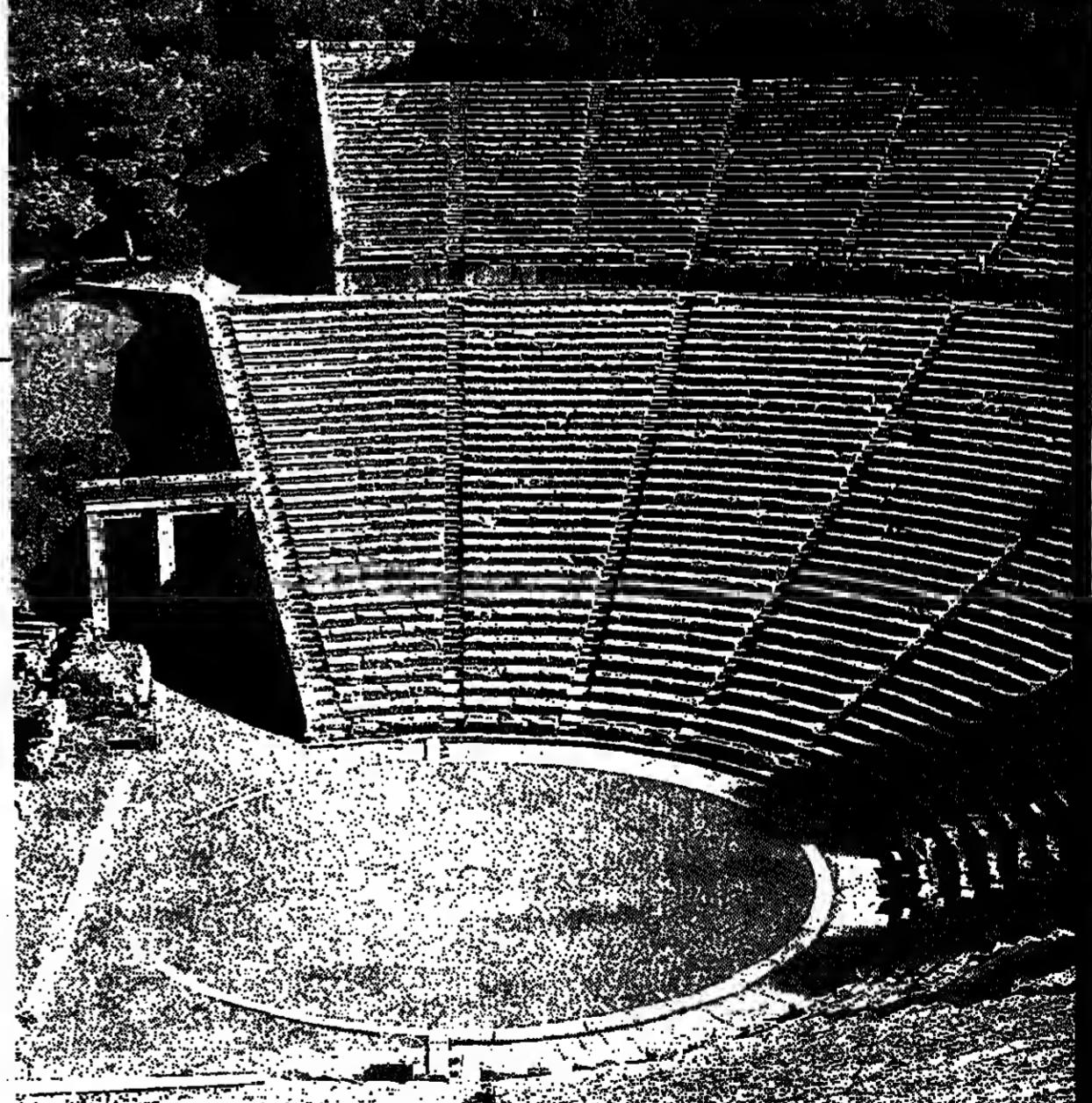
Mr. Stratidis says that the games will not only benefit the country both economically and psychologically, but will also help speed up projects like the Metro, the Elefsis-Spata highway and the new airport, which will free up an extensive area close to the center of the city for the creation of new parks and other environmentally beneficial installations. ■

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WRITER: John Rigos in Athens.
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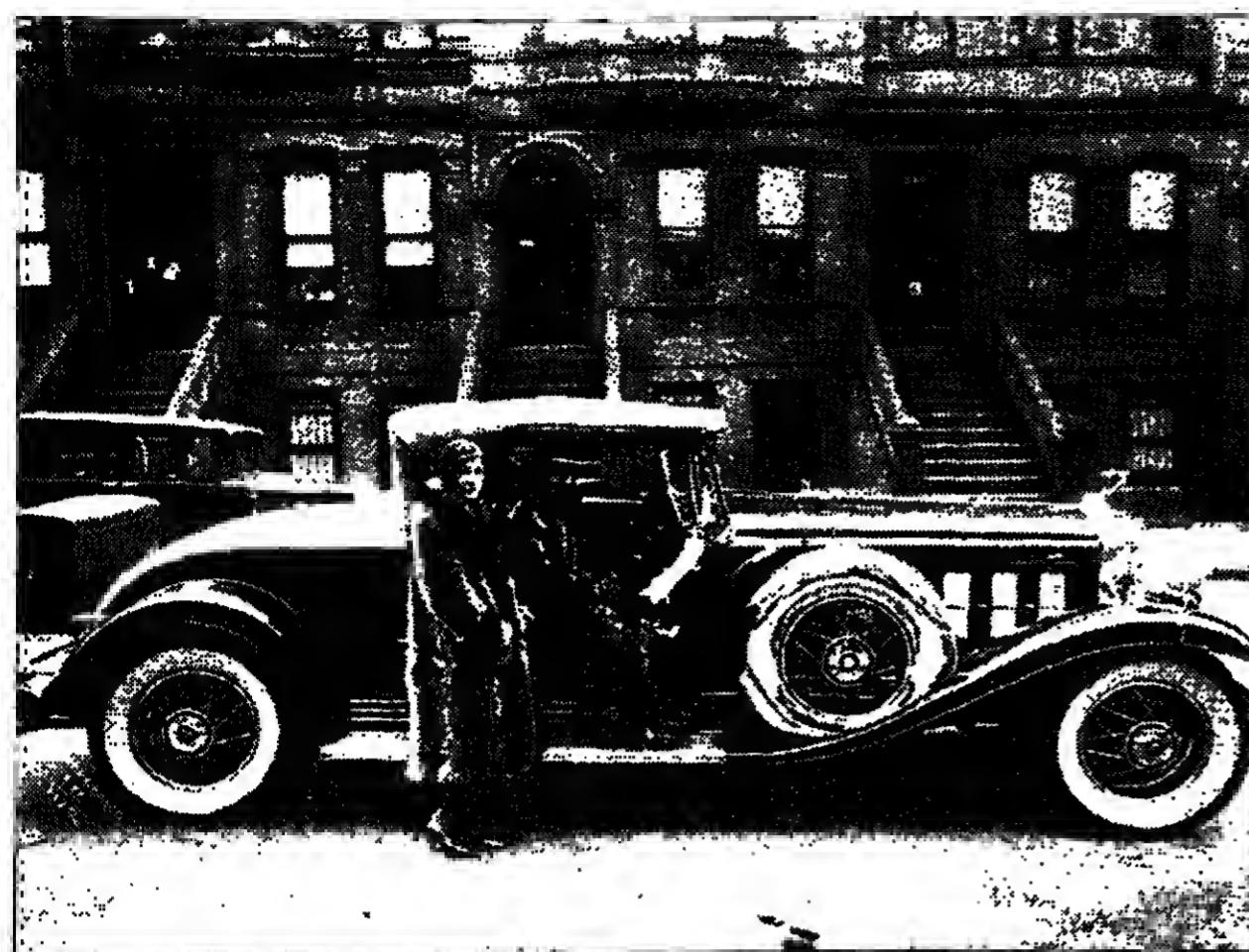


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GREECE: The Authentic Choice

ART



James Van Der Zee's 1932 photograph "Couple, Harlem," on view at the Corcoran Gallery in Washington.

A Renaissance for 1920s Harlem

By Holland Cotter
New York Times Service

WASHINGTON — The era of the Harlem Renaissance is one of the most intensively studied periods in the history of black life in America.

It has been the subject of countless scholarly books and articles, and a fair number of museum exhibitions, and its basic chronological and geographical outline tends to change little from telling to telling.

In the decade between World War I and the Great Depression, a single predominantly black neighborhood in Manhattan germinated, and briefly sustained, a flowering of music, literature, theater and art. In that efflorescence, African-American culture and North American modernism merged in a uniquely urban and stylish blend.

"Rhapsodies in Black: Art of the Harlem Renaissance," on view through June 22 at the Corcoran Gallery of Art in Washington, preserves the general framework of this account, but proposes some radical departures. It suggests that the renaissance, at least in terms of the visual arts, extended straight through the Depression years. And that far from being restricted to New York, it drew energies from other American cities, as well as from the Caribbean and Europe.

The show at the Corcoran does not look, at least at first, very different from others that have preceded it. Organized by the Hayward Gallery in London, where it had its debut last year, it was the first comprehensive presentation of its subject in Europe.

The paintings, sculptures, photographs and graphic works selected by the show's curators — Richard Powell, professor of art history at Duke University, and David Bailey, co-director of the African and Asian Artist's Archive in London — have terrific presence here. Beautifully lighted and arranged to stimulate thematic groupings, they fully convey the hopeful atmosphere of Harlem earlier in the century.

Optimism had been hard won. The renaissance was a product of a mass

migration of blacks from the agrarian South to the industrial North. Their passage was wrenching, their arrival unwelcome. But by the end of World War I, blacks had a sense of having finally secured a foothold in American life.

The sight of an all-black battalion marching as war heroes in a victory parade up Fifth Avenue in 1919 — recorded in a photograph by James Van Der Zee included in the show — is often taken as the starting point of the black cultural rebirth.

In the visual arts, that rebirth took many forms. The 130 pieces in the show cover a wide stylistic spectrum. They range from Meta Vaux Warrick Fuller's seminal "Ethiopia Awakening" (circa 1914), an academic-style sculpture of an African woman emerging from mummy's bandages, and symbolically from the bonds of colonialism and slavery, like a chrysalis from a cocoon, to the cool, suave, modernist painting titled "Blues" (1929), by Archibald Motley Jr., in which a crowd of what could be racially mixed couples dances the night away in a Parisian jazz club.

This painting is given considerable prominence in the show — it appears on the cover of both the catalogue and the gallery brochure — even though Motley was a Chicago artist who never lived or worked in New York. His inclusion, along with that of expatriates like William Johnson, seen in a brusky, Expressionist self-portrait, and white European artists like Edward Burra from England, who came to America to paint snappy, cartoonish Harlem street scenes, underscores the geographic redefinition of the renaissance that the show proposes.

Perhaps most interesting in terms of historical revisionism, though, is the fact that much of the work by these artists dates from the years after the stock-market crash, rather than from the decade of the '20s, when the Harlem Renaissance was considered to have been at its peak.

In some ways, the later dates for art

are not surprising. It has long been recognized that writers and performers, not artists, were the catalytic figures of the renaissance. The exhibition suggests as

much in a few telling multimedia touches. Jazz plays in some of the galleries; film clips of Josephine Baker and Paul Robeson appear here and there, as do books by W.E.B. Du Bois, Alain Locke and James Weldon Johnson, intellectuals who helped to mold the New Negro movement of the 1920s.

After 1929, however, things changed. The Harlem-based literary movement dissipated, jazz clubs closed. It was exactly at this time, the show implies, that the black visual arts came into their own.

Possibly new government patronage made the difference, though the reasons are never made fully clear here.

What is clear is the strength of the art produced by black artists throughout the 1930s. Just as the New Negro theorists had urged, their work applied an inventive modernist polish and flair to motifs drawn both from African-American history and daily life and from African art.

ONE finds such motifs in Aaron Douglas's imposing mural series titled "Aspects of Negro Life" (1934) and in Jacob Lawrence's 41-panel gouache on paper, "Toussaint l'Ouverture Series" (1937-38), with its tale of liberation phrased in Cubistic planes of color. They are also in Augusta Savage's bust of a Harlem street child from 1930 and in Lois Mailou Jones's graceful painting of African masks titled "Les Fétiches" executed in Paris in 1938.

Whatever the validity of the Corcoran show's view of the Harlem Renaissance as an international phenomenon with a considerably extended time frame, "Rhapsodies in Black" both points to fresh avenues for study of its subject and holds implications for approaching art by black artists closer to our own time.

Many of the esthetic and social issues raised by the Harlem Renaissance — about the roles played by race and class in art, about the tension between assimilation and self-assertion, about how the spiritual and political can balance out — are as pertinent today as they were in the streets and studios of Harlem in the first half of this century.

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ART

A Magnificent New Perspective on Degas

Show in Washington Reveals His Crucial Perception of Movement

By Souren Melikian
International Herald Tribune

WASHINGTON — Light-headed, concealed under the guise of a springtime entertainment, "Degas at the Races," on view at the National Gallery here until July 12, is one of those wonderful shows that suddenly set a famous artist in an entirely new perspective.

Served by an admirable hanging and a selection that gives precedence to beauty, the exhibition reveals the crucial importance that the perception of movement had in the artist's oeuvre even though that is not its stated purpose. Forget Impressionism, which for Degas was a passing phase.

The painter comes out as what he really was — the last of the great European masters whose roots go back to Pisanello and the only one among those who made the jump into modernity. In this, horses seem to have played a role.

Jean Sutherland Boggs, the Degas specialist who put the show together, observes in her book that his interest did not stem from any familiarity with the animal — the first horses that the artist drew while a student in 1855 were those that he saw on plaster casts of the Parthenon friezes.

His interest was kindled anew when he went to Normandy and stayed with friends in a chateau, not far from the national horse breeding establishment at Haras-les-Pins. By then, the student had become a master.

Around 1860, he painted a seaside view with a man and a woman riding at the edge of the water and composed the scene in a way that had no precedent in Western art. The thrust is off-center on two riders who amble away with their backs turned to the viewer. Their dark shapes form a dramatic contrast with the landscape in pale delicate shades. A subtle atmosphere of companionship in a harmonious setting is suggested by the man's posture — his body is slightly tilted toward the woman who rides alongside.

This unique ability at suggesting mood through posture and movement

was to remain the hallmark of the artist's work.

Seven or eight years later, Degas conceived one of the most beautiful compositions of the 1860s, "The Promenade on Horseback." Three women mounting dark horses are seen ascending a steep slope. At the top, others ride away in the distance. All the characters, except one who gazes at the scene, turn their backs on the viewer.

The feeling is that of an adieu. The scenery in shades of dark green is attuned to the mood and so is the sunset sky with orange and yellow streaks floating above the grayish blue of dusk about to set in.

Movement briefly suspended gives another composition a Vermeer-like feel for the privileged moment. "Carriage Leaving the Races" was painted

that he used it as his principal means of conveying his emotive perception of humans and animals.

"Horses in a Meadow," done in 1871, is the ultimate masterpiece in this line. In the foreground, a large bay horse appears sideways, its head resting across the back of its white mate. The evocation of animal friendship is made more vivid by the desolate emptiness of the pale green landscape in which the horses stand. Horizontal divisions emphasize the monotony. Impressionism that was blossoming at that moment seems very far away.

Did Degas find the Impressionist manner that he eventually cultivated in his ballet views too frivolous for his outdoor compositions in which horses feature?

"Racehorses at Longchamp," also

foliage of the trees in the distance, but great care has been brought to the rendition of the horses. The three figures in the foreground are based on a crisp drawing done a year or two earlier, proving the attention given to posture. What matters in the picture is not the light, as in Impressionism, but the rhythm created by the horses and the mood that this rhythm inspires. There is a sense of purpose, of impending drama: The race is to start shortly.

Indeed, the horse study continues an early strain in the oeuvre of Degas. It is well in line with the sketch of a fox killed in the hunt, which the artist had drawn in black pencil and red chalk perhaps a decade earlier.

There, too, the observation of the posture is charged with emotion in the artist's restrained manner. The loosened musculature of the animal's body lying limp, the closed eyes, with the mere suggestion of suffering expressed by the clenched teeth, combine to make it a gem that could be from the hand of a 17th century master.

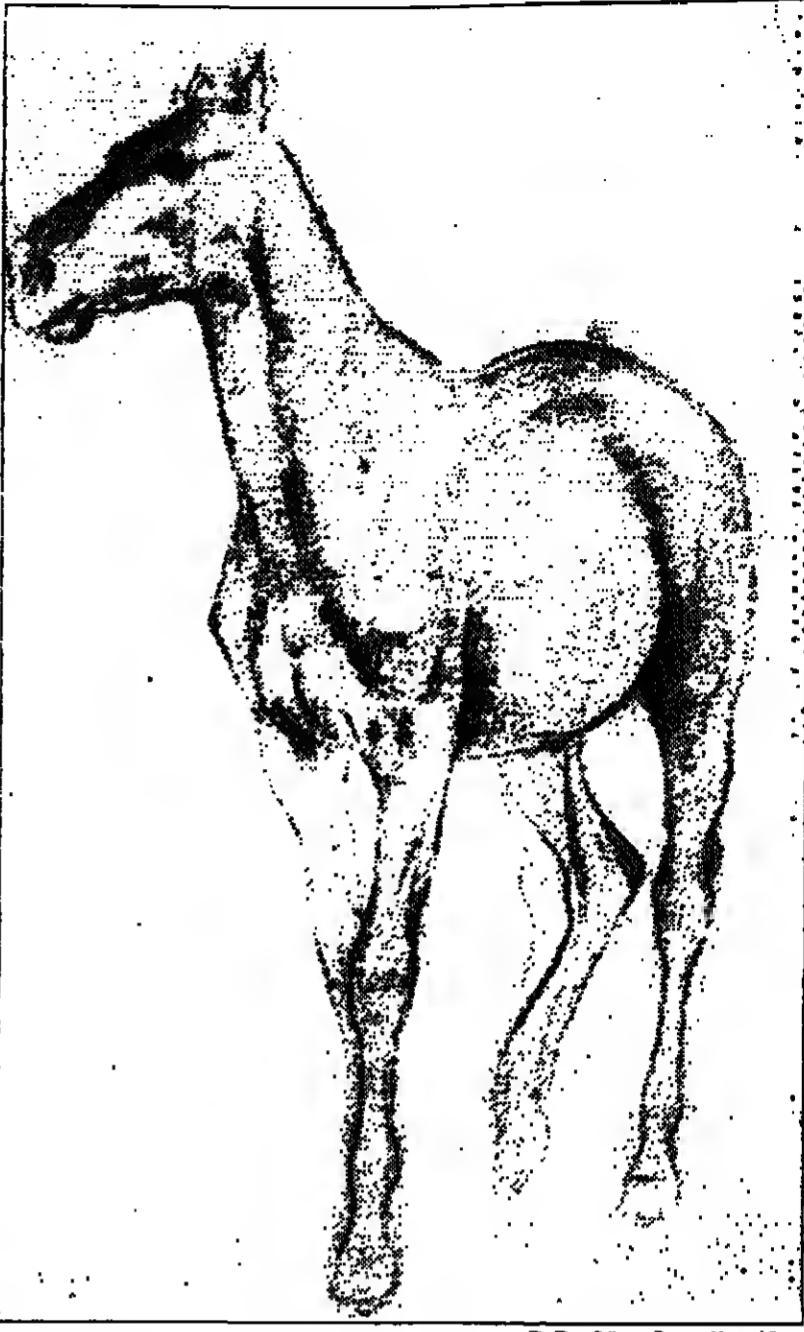
The amount of time that Degas spent in studying the movements of man and animals, whether in his analytical drawings or in his models molded in wax, says all about his true priorities.

Some of the sketches have a classical perfection with a subtlety in the scrutiny of expression that is fundamentally alien to Impressionism. Such is the "Horse Walking," donated by Eugene Thaw to the Pierpont Morgan Library. The clarity in the animal's face and the spring in its step belong to another age.

That attention given to animal and human expressions in relationship to certain postures, in order to

convey the mood of a moment was maintained by Degas up to the end. Four studies of a groom done on a small sheet capture nuances in the positioning of the rider in the saddle, and match them with subtle changes in the tense, grim features, as if the painter had been training some camera on the sitter.

Another sketch of the same groom, while the leaping movement of the horse is broadly indicated, the man's face is precisely rendered in black chalk



"Horse Walking," 1878: The spring in its step belongs to another age.

heightened with white as in some miniature portrait by a 16th century draftsman.

THIS relentless search for facial and bodily expressiveness eventually resulted in a truly Expressionist style. A close-up study of jockeys painted around 1882 is all about fear, tension and readiness — lips tightly shut, eyes drowned in the shadow projected by the visor of the cap; or heads tilted slightly on the side, in expectation of the signal. The colors are strong, the elements of the composition firmly delineated. Impressionism is all but forgotten.

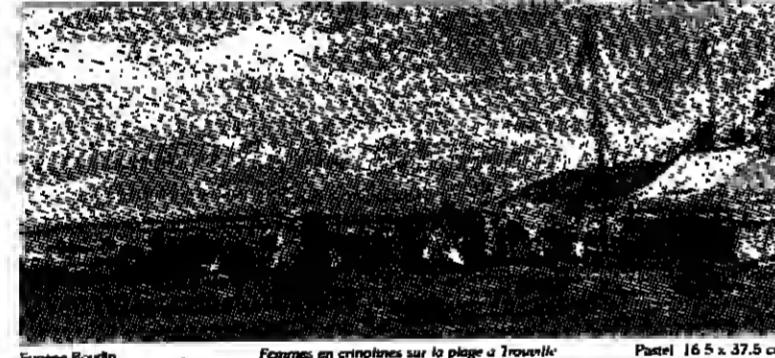
In 1885, Degas drew a pastel study of "Three Women at the Races." Seen from the back, their bodies are bent forward. The faintest suggestion of a smile can be detected on one of the women's faces, turned just enough for us to catch her expression. Toulouse-Lautrec is already there.

In one of the great man's last pastels of three jockeys, the riders sit tight on their prancing horses ready to bounce off. There is a certain clumsiness, and a disproportion, but the sensitivity to bodily expressiveness remains intact.

This was his true signature tune. Even as he was going blind, Degas could not forget it.

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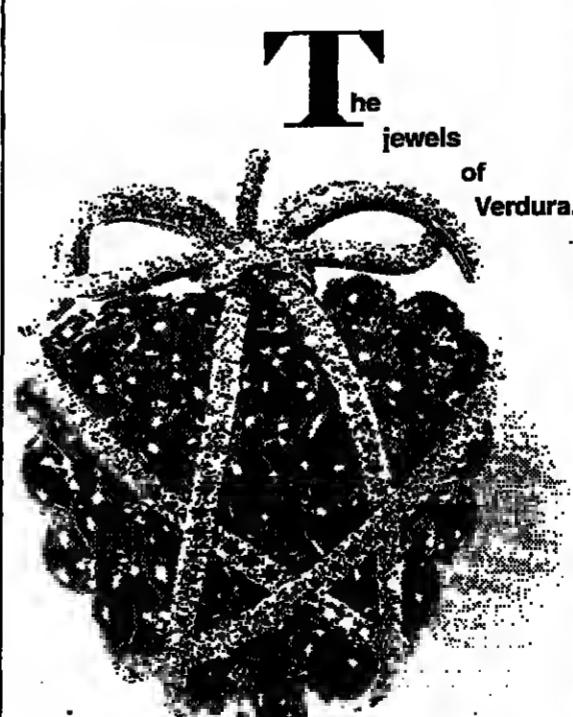
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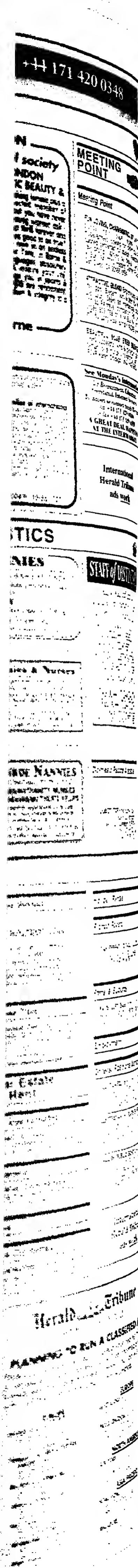
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International Herald Tribune

Herald Tribune

BUSINESS/FINANCE

SATURDAY-SUNDAY, MAY 30-31, 1998

PAGE 11

An Investor Burns Out' In Vietnam

First American Licensee Wraps Up 6 Tough Years

By Kevin Bubel
Bloomberg News

HANOI — When James Rockwell raised the American flag six years ago outside his Hanoi office, the police made him take it down.

It did not matter that the Vietnamese flag, a single gold star on a red field, flattered beside it. The United States, he was told, was still the enemy.

Mr. Rockwell's consulting business, Vatico Inc., was the first American company licensed to operate in postwar Vietnam. Chrysler Corp. was his first client. International Business Machines Corp., Hughes Aircraft Co. and Amway Corp. soon joined the roster, and his staff swelled to 30.

Now he is heading home. Like many foreign investors, Mr. Rockwell said, he has been worn down by the difficulty of arranging business contracts in Vietnam and the dim prospects for making money.

Vatico, which he left 18 months ago in a dispute with partners, will close on June 30, its staff having dwindled to four.

Mr. Rockwell, 37, is leaving as a number of major U.S. companies reassess their Vietnam operations. A skeptical U.S. Congress will evaluate trade relations between the two countries next month.

This "is a watershed year," said Greig Craft, president of Oklahoma-based Craft Corp., another early U.S. arrival. "Vietnam asks for sympathy, but you can only afford to pay for sympathy for so long."

When Mr. Rockwell arrived in 1992, the United States had no embassy in Hanoi. His office was often mistaken for it because of the flag, which he eventually received permission to fly. Over the course of six years, he feels he has made progress.

"I've burned out, but I've met every goal I intended to meet when I came to Vietnam," Mr. Rockwell said. "We've done everything we could," he said, to help the normalization process.

The difficulties, though, are clear to all. Four years after the United States dropped its embargo on Vietnam, full trade relations have yet to be restored. Two anticipated agreements, on protection of copyrights and direct commercial air links, have fallen through in the last six months. Talks on an overall trade agreement drag on.

Investors continue to be harassed by a Communist leadership that has yet to concede that foreign businesses need to make money themselves to help Vietnam's economy grow, the business managers say. "If 10 percent of foreign-invested companies in this country are making a profit, I'd be surprised," Mr. Rockwell said.

Chrysler, his first client, withdrew from a \$192 million joint venture more than a year ago. It saw no significant return from a market in which only 6,000 locally made cars are sold each year.

That market is divided among 13 licensed automakers. Between them, the companies have an annual capacity to build 180,000 autos. Ford opened a \$92 million plant at 55 kilometers (35 miles) east of Hanoi late last year to make vans and light trucks. "Vietnam is an emerging market," said Murray Gilbert, Ford country manager. "People complain it's not developing at a lightning pace, but we never expected it to. Taiwan took 20 years and Australia 30 years to build a competitive auto industry that could stand up on its own."

Still, opaque regulations and officials seeking bribes make Vietnam a rough sell. Investors also complain they are nickel-and-dimed to death as negotiations drag on. "Vietnam does not appreciate that lost opportunities from so much waiting costs money," Mr. Craft said.

The United States ranks eighth among Vietnam's foreign investors, with 70 licensed projects worth \$1.24 billion. It has double that in projects stalled by red tape. U.S. contracts hinge on Congress agreeing in June to renew President Bill Clinton's March waiver of the so-called Jackson-Vanick amendment, legislation that requires countries to respect human rights.

CURRENCY & INTEREST RATES

Cross Rates

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EUROPE

Unemployment in France Declines to 11.9%

Compiled by The Staff, France, DPA

PARIS — Unemployment in France fell to a two-year low of 11.9 percent in April, statistics issued Friday showed, as quickening growth prompted companies to hire.

The jobless total fell by 13,100 people, or 0.4 percent, from March to 2,976,700, the Labor Ministry said. It was the eighth consecutive monthly decline and put the jobless rate at its lowest level since January 1996.

The Socialist government that came to power in June 1997 has taken credit for the improvement in the economy in the past year, with economic growth aimed at 3 percent for 1998.

But the unemployment rate remains one of the highest in Europe, and the Organization for Economic Cooperation and Development is forecasting an average jobless rate of 11.9 percent for the year, although this is below the 12.3 percent rate registered in 1997.

The government has said reducing unemployment is a priority, but the decline so far has been slow.

Nonetheless, recent reports have shown an increase in consumer spending, and a separate report Friday showed that bankruptcies fell 28 percent in March from February, with fewer companies in all industries going out of business.

"Everywhere we see confirmation of strong growth," said Jean-Philippe Dauvin, chief economist of STMicroelectronics NV, Europe's second-biggest computer-chip maker — which plans to hire more people in France this year.

The government has committed itself to hiring 350,000 people under the age of 30 in five years and it has pledged to cut the workweek to 35 hours from 39 — a move it says will force companies to hire more people, although even the most optimistic forecasts say this will only shave about one percentage point off the jobless rate.

The French economy created 73,000 jobs in the first quarter, the most in a decade. That compares with 373,000 jobs created in the same period in the United States, five times more than in France for a population that is four-and-a-half times bigger. Much of the growth so far has come in temporary jobs. Many French employers use short-term contracts to get around rigid labor laws and high costs, an analyst said.

Manpower Inc., a temporary-work agency, said the number of requests for temporary workers rose 41.2 percent in April from the year-earlier period, and were up 16 percent in the first four months of the year. (Bloomberg, AFP)

Danes Lower Rates After Vote on EU

Reuters

COPENHAGEN — Denmark's central bank surprised financial markets Friday by cutting key interest rates by a quarter percentage point the day after Danes voted in a referendum to back an EU treaty.

The bank lowered the certificate of deposit and repurchase rates, with which it fine-tunes short-term interest rates and liquidity in the banking system, by 0.25 points, to 4 percent, with immediate effect.

It also cut its discount rate to 3.75 percent from 4.00 percent.

"The clarification of the situation after the referendum creates conditions for cutting the central bank's rates," the central bank said in a statement.

Danes voted Thursday to ratify the Amsterdam Treaty — a blueprint for the EU's future as it prepares to take in new members — by 55 percent to 45 percent.



BRANSON ON THE MOVE — The British entrepreneur Richard Branson in Rome on Friday with a Fiat tilting train of the sort that he is buying for Virgin Rail in Britain. He also said Virgin Express, his short-haul airline based in Brussels, would open a second hub in Rome.

WORLD STOCK MARKETS

Friday, May 29

Prices in local currencies.

Telekurs

	High	Low	Close	Prev.
RWE-DEA	110.50	109.50	109.50	109.50
SAP	927	912	927	914
Schering	214.00	204.00	204.00	204.00
Siemens (Aust)	1588	1565	1580	1565
Thyssen	120.00	119.00	119.00	119.00
VEW	580	581	580	590
Vies	1005	972	972	972
Wenkheim, Vers.	2675	2675	2675	2675
UPM-Kymmene	159	158	157	157

Amsterdam AEX index: 1198.10
Previous: 1198.44

Helsinki NEXX Global index: 4872.90
Previous: 4794.29

Hong Kong Hang Seng: 3934.54
Previous: 3877.44

Bangkok SET index: 225.59
Previous: 223.59

Bombay SENSEX: 2484.39
Previous: 2721.59

Brussels BEL 20: 3030
Previous: 3221.27

Copenhagen Stock Index: 748.31
Previous: 741.45

Frankfurt DAX: 5495
Previous: 5454

London FTSE 100: 3878.79
Previous: 3878.79

Paris CAC 40: 3900
Previous: 3890

Tokyo Nikkei 225: 1570.92
Previous: 1570.59

Some analysts had expected the central bank to hold off lowering rates until after the government unveiled an austerity package, which was expected to trigger an inflow of foreign currency.

"It was a swift move and you can say that in that respect it surprised us slightly," said Jens Dalakov, chief analyst at Den Danske Bank.

Prime Minister Poul Nyrup Rasmussen said the cut was a signal of central bank confidence after the referendum, and of its expectation that the government would stand by the responsible economic policy conducted so far.

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Tokyo Postpones Digital TV Start

Reuters

TOKYO — Japan has decided to delay the official launch of digital television broadcasting by three years to 2003, officials said Friday.

After a year of debate, the Posts and Telecommunications Ministry said it expected stations to start digital service in the Tokyo, Osaka and Nagoya urban areas by 2003 and in other areas by 2006. It called on stations to start experimental service in the Tokyo area in 2000.

The ministry said it delayed the official launch because of protests from broadcasters about the high cost of switching from analog service.

"We acknowledge difficulties broadcasters face in investing," an official said, saying that capital spending could total 1 trillion yen (\$7.3 billion).

The launch date is sensitive because digital television will provide opportunities for other high-technology companies.

By Don Kirk
International Herald Tribune

ULSAN, South Korea — In a sharp escalation of South Korea's labor conflict, the government said Friday that it would round up and prosecute 143 union leaders for this week's nationwide general strike, while the unions retaliated by announcing fresh strikes in less than two weeks.

"We will have a long battle and strike this summer," said Chun Chang Soo, vice president of the Ulsan Council of the Korean Metal Workers' Federation, part of the militant Korean Confederation of Trade Unions, the umbrella group for about 600,000 workers in South Korea.

"There will be violence again on the streets of Ulsan," Mr. Chun warned. He was referring to the confrontations between thousands of workers and policemen that shook this industrial city on South Korea's southeastern coast in the late 1980s and early 1990s.

Union leaders here vowed that the workers would conduct a tough,

open-ended strike beginning June 10 in a campaign not only to stop dismissals of 8,000 Hyundai workers but also to force the government to increase unemployment pay.

Galvanized by a summons for the arrest of the Hyundai union chief, Kim Kwang Shik, as the main force behind the walkout on Wednesday and Thursday, union militants responded with a call to factory barricades as early as next week if the government actually makes good on its threat.

A spokesman for the Prosecutor General's Office said, "If the 143 people refuse to continue responding to summonses, prosecution authorities will take out arrest warrants for them, investigate and indict them."

More than 100,000 workers staged a crippling general strike Wednesday and Thursday, shutting down production of South Korea's export industries. Unions are demanding an end to plans for massive layoffs and are calling on the nation's huge conglomerates to make sacrifices themselves before dismissing workers.

At risk in new strikes, besides the high potential of violent social conflict, are the growing doubts among foreign investors that Seoul will be able to make the necessary reforms in its labor markets and debt-laden corporations to turn the country's insolvent economy around.

Hyundai executives said they still hoped to persuade union members of the need to dismiss some workers for the good of the majority.

In the executive offices overlooking the sprawling factory where Hyundai produced its first cars 30 years ago, Chung Dal Ok, senior vice president in charge of the plant, said he hoped workers would eventually understand that "many more will suffer" unless some lose their jobs.

"To prevent our situation from getting worse, we have to take action," said Mr. Chung, acknowledging a "terrible" market performance by most Hyundai cars.

The company, Korea's leading motor vehicle manufacturer, has dropped its production target this year to 900,000 vehicles, he said, after having produced 1.1 million vehicles in 1997. After netting only \$50 million last year, he added, the company will go into the red this year.

Only one assembly line, that of the Atoz mini-car, was humming both night and day, said Mr. Chung, while some lines were moving only three days a week or less. Domestic sales are down 45 percent since January.

"We have to improve our quality as well as our manufacturing costs," Mr. Chung said. "Right now, we have a morale problem, but that will change soon."

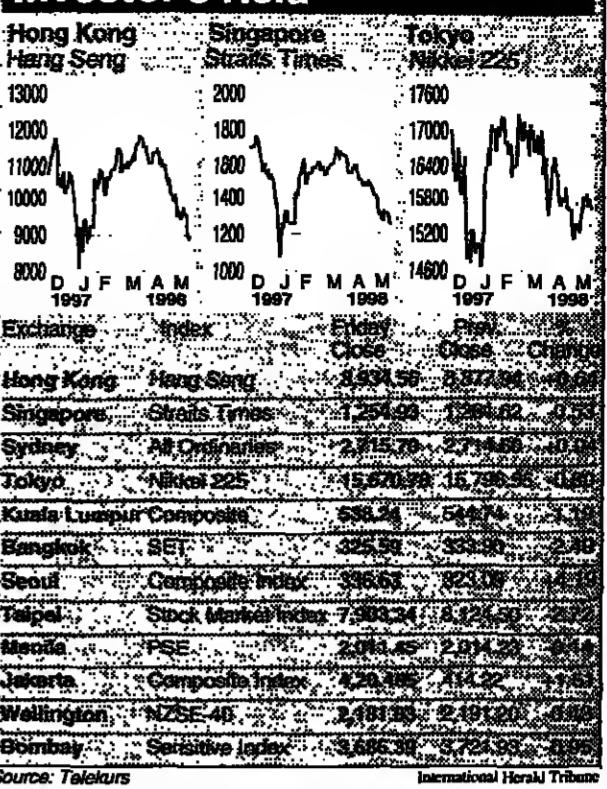
Mr. Chung meets Monday with Kim Kwang Shik and other leaders of the Hyundai Motor union, but there was little chance he would win acquiescence to layoffs.

■ Daewoo Talks on Bank Buy

Daewoo Group is seeking to acquire ailing Korea First Bank, a local paper said. Reuters reported.

The Seoul Shimmin Daily's Saturday edition, seen late on Friday, said Daewoo was in talks with the South Korean government to acquire Korea First Bank.

Investor's Asia



Very briefly:

• Mitsubishi Chemical Corp.'s group net profit was 5.6 billion yen (\$40.9 million) in the year that ended March 31, compared with a loss of 11.97 billion yen the previous year. Aggressive cost cuts offset a 3 percent decline in parent sales, to 1.05 trillion yen, but the company warned that gains would slow this year due to the Asian economic crisis and domestic stagnation.

• Japan's Parliament enacted economic stimulus legislation, including income tax cuts totaling 4 trillion yen over the next two years and a delay in budget cuts.

• Thailand's trade surplus shrank to \$1.12 billion in March from \$1.14 billion in February, the central bank said, while manufacturing output dropped 21.2 percent from March 1997.

• China's Civil Aviation Administration has ordered domestic airlines to restrict expansion, but an official refused to say whether carriers would need to cancel or delay plane orders.

• OzEmail Ltd. shares finished at 3.30 dollars (\$2.05) on the first day of domestic trading for the Australian Internet service provider. The 3 million shares had been priced at 2.57 dollars.

• Malaysian Airline System Bhd. posted a loss of 259.9 million ringgit (\$67.4 million) in the year ended March 31, compared with a profit of 333 million ringgit the previous year, as foreign-exchange losses totaled 715.4 million ringgit.

• Japanese vehicle exports rose 4.9 percent in April, to 380,113 units, from a year ago.

Reuters, Bloomberg, AFP

JAL Says It Expects to Reverse Loss

Reuters

TOKYO — Japan Air Lines Co. said Friday it expected to post a profit this year after announcing wider loss for the period just ended.

The airline posted a loss of 94.19 billion yen (\$67.9 million) for the year ended March 31, compared with a loss of 92.24 billion yen a year earlier. The results are for the parent company.

JAL said it aimed to post a profit this year by focusing on its core business and selling some of its affiliated hotels.

JAPAN: Fewer Jobs, Increasing Economic Woes

Continued from Page 1

ations within Asia, as other Asian countries seek to weaken their currencies to compete against Japanese exports or economic pressures bring about such devaluations.

"It certainly could get to 150," said Peter Morgan, an economist at HSBC Securities Japan Ltd. "The fundamentals don't look close to a reversal" in the currency trend, he added.

Meanwhile, Parliament finally passed bills Friday that will relax the fiscal austerity law and allow the government to spend more on the economy and implement tax cuts to spur growth. As part of an economic package worth more than \$120 billion, public money will start trickling into the economy over the summer, and officials are counting on it to alleviate the economic problems.

The figures released Friday make Japan's official unemployment rate nearly as high as that in the booming American economy. But Japan's rate is calculated such that anyone who has worked for even one hour in the final week of the

month is considered fully employed. Thus, some economists say that unemployment, if calculated according to American methods, could actually be twice as high.

After the record unemployment statistic was released,

"We are in the early stage of a deflationary spiral."

yields on the benchmark 10-year bonds fell to an all-time low of 1.19 percent.

Economists say Japan does not yet seem to have entered a deflationary spiral but is moving rapidly toward it.

Corporate profits and housing starts are falling, inventories are rising, and the government released statistics Friday on consumer prices that, if adjusted to be comparable to those of last year, show a slight dip.

The fear is that declining prices would lead to even lower profits, rising unemployment and weak investment by corporations. This in

turn would further hamper overall demand and consumption, which would then help further depress prices.

"I think we are in the early stage of a deflationary spiral," said Haruo Shimada, an economics professor at Keio University. "It may very well come this year."

The Economic Planning Agency, the government's economic policy-making arm, also may finally public acknowledge, possibly next month, that the economy is in a "downward phase," according to a report in the Yomiuri Shimbun, a leading national Japanese daily.

Economists have been pointing out for months that the economy already is in a recession, but until now the government has been describing the economy as simply "sluggish" with the "severity getting worse."

The uncertainty means that while about \$120 billion is expected to flow into the economy soon from a fiscal stimulus announced by Prime Minister Ryutaro Hashimoto, there are already murmurs about the need for another stimulus package.

Thread Co., once one of the nation's largest thread makers, in the 1990s, the last of the mills closed.

A group of citizens decided that they should do something besides wait for the state to pump millions of dollars into the town. So last summer, Donna Nicolino, the director of a local arts council, gathered about a dozen people, including a business consultant, the manager of the local food cooperative and some faculty members from the local college, Eastern Connecticut State University, and decided to print their own money. They called it Thread City Bread.

"There were a lot of businesses opening up on Main Street and then closing down," Ms. Nicolino said. "It's hard to be a small business person in this town. So we thought this was a way to keep the wealth in the community."

Most systems using local currencies peg each unit, also called hours, at a value of \$10, roughly keyed to double the minimum wage.

Under the system of local money used in Wilimantic and elsewhere, the local currency is distributed in a rigidly controlled manner to businesses and service providers who agree to participate. Those businesses can give change in Thread City Bread to willing customers.

The businesses will also accept the local currency for up to 100 percent of their goods and services.

The business people often use the local currency in one another's businesses, much like a barter system. "This is to let people know that they have some alternative to the dollar economy if that isn't working for them," Ms. Nicolino said.

For business people like Ms. Wollner, the restaurant owner who is one of the leaders of the Downtown Business Council, which represents the interests of local merchants, spending the local currency they take in is not necessarily easy because not all businesses accept it.

A local directory lists about 100 businesses and individuals who will take the bills. Ms. Wollner recently

found a landscaper who would take 25 percent of his fee in the currency.

Wilimantic's experiment with local currency is barely a year old and some people there think it has a long way to go before it is widely accepted.

In Ithaca, however, the system is deeply embedded in the community.

Founded by a bearded, graying environmentalist named Paul Glover, the Ithaca Hours currency is accepted at more than 350 businesses in the town of 30,000 people.

"We're looking for control over our local economy," Mr. Glover said.

"People are less comfortable with control of their economy by distant elites who will invest or disinvest at the snap of a finger without concern for the fate of communities."

So far, there are the equivalent of \$65,000 in Ithaca Hours in circulation.

Monica Hargraves, a former economist at the Federal Reserve Bank, who is a key member of the Ithaca Hours advisory board, said, "It's trust that holds the system together, the confidence that people will accept Ithaca Hours."

INDONESIA: Suharto's Corporate Empire Begins to Crumble

Continued from Page 1

On one front, he said procedures for approving investments would be streamlined, ending a long tangle of red tape that allowed Mr. Suharto's family members to step in as silent partners, at huge fees, to smooth the way.

On a second, he said tax holidays would be made public and would be available on the basis of merit, rather than being restricted to special industrial zones owned by favorites of the Suharto family.

These moves were announced as the Asia director for the International Monetary Fund, Hubert Neiss, met with government officials and public figures here to as-

sess the prospects for a resumption of disbursements of a \$40 billion aid package that was suspended last week.

The moves accorded with the thrust of reforms demanded by the international community to bring fairness and openness to an economy that has been drained by what Indonesians — including Mr. Habibie — are now calling a system of "corruption and nepotism."

"We can only hope things will develop in the best way," Mr. Neiss said. "We are concerned with reversing the economic decline and alleviating the hardships that this imposes on the people."

Economic analysts said this would be a long process. Even with the institution of reforms, they said, bankruptcies, bank closures, unemployment, inflation, rising prices and food shortages would squeeze the country's 210 million people for months and years to come.

Branches and automatic teller machines of the bank had been prime targets of rioters two weeks ago, and nervous depositors staged a run on the bank this week as they saw the Suharto family

In one indication that power in Indonesia was shifting, the Post also reported that Jakarta city officials were demanding that a hotel controlled by the family pay a \$1.86 million fine for violating building permits.

For the expert and the uninitiated, the Special Report will not only provide insight and analysis on the teams, the stars and the competition that will unfold on the field. It will also include useful tips and background aimed at helping visitors make the most of their stay in France outside of the stadiums.

Rob Hughes, the IHT soccer columnist and one of the most provocative writers on the sport, will look ahead to the five weeks of twists and turns to the World Cup Final, examining the contenders and pretenders.

John Vinocur, the IHT's Chief Correspondent and a lifelong student of the game, will look beyond the corner kicks to the metaphor that soccer has been and remains, a point of cosmic global spectacle.

Christopher Clarey, the globetrotting IHT sportswriter, will bring his pinpoint descriptions to the report, looking at the hosts, an international team for an international event and a symbol of the French melting pot.

Patricia Wells, the IHT's renowned restaurant critic, and Barry James, a veteran IHT correspondent, will team up to offer visitors a touch of history and a taste of smart touring and dining tips for all of the World Cup host cities.

The Special Report will also include a full schedule of World Cup matches throughout France, with an accompanying map, and a concise guide to the television stations around the world planning to broadcast World Cup matches.

For more information about advertising in this Special Report, please contact Bill Maher in Paris at (33-1) 41 43 93 78 or fax (33-1) 41 43 92 13 or e-mail: supplements@iht.com.



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NASDAO

Friday's 4 P.M.

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

The Associated Press

NYSE

Friday's 4 P.M. Close

(Continued)

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Underfollowed Stocks Let Investors Stray From the Beaten Path

A LOT OF EQUITY investing is done by the numbers these days. Analysts predict corporate earnings per share and investors bid for stocks at prices that reflect accepted industry-wide and national multiples to those profit forecasts. The multiples can change quickly, giving a lift in prices when optimism rises and putting vicious downward pressure on stocks in troubled times.

At the heart of this system are the average earnings projections collated by companies such as First Call Corp., IBB/EIS International Inc., Nelson Information Inc. and Zacks Investment Research Inc. If a company is too small, new or infrequently traded to catch the eyes of analysts,

its earnings will not appear on these services. These underfollowed stocks thus will not show up in the screening processes used by investors seeking bargain valuations based on earnings.

Being small, new or infrequently traded, the stocks also will not qualify for inclusion in most stock indexes, which some investors and funds try to replicate by purchasing their underlying shares. So there is a smaller pool of potential buyers for underfollowed stocks than for their higher-profile brethren, a natural mechanism for keeping prices relatively rational during periods of market exuberance.

Underfollowed need not mean unknown, however. There are other ways to find out about

stocks, from poring over government filings to checking out hot new products at the local mall. Many analysts have a favorite or two that their competitors do not follow; in their portfolios, money managers often hold equities that are not well researched.

Of course, investing on the basis of one person's opinion is riskier than obtaining advice from several sources, but the potential rewards of relatively obscure stocks can be high. The Money Report's correspondents checked with analysts and investors around the world to bring you their picks this week. We also combed the Internet and found World Wide Web sites that

offer information about these issues for investors who want to follow the world's underfollowed equities:

• THE CANADIAN SPECULATOR. A weekly newsletter published by Stockhouse Online Journal that seeks out junior Canadian companies with the potential to double in value over the next year. Costs: \$100. Subscribers say it is not compensated by the companies profiled, but will invest in them from time to time. A yearly subscription to the newsletter is \$80. Web site: www.stockhouse.com/canadian_speculator.html

• ELOCA CAPITAL. Use various mechanical stock-trading systems to pick stocks, some more common than others, from seven markets: Frankfurt, London, New York, Paris, Stockholm, Tokyo and Zurich. Every day it features a buy-and-sell guide that highlights new stocks. The information is free Web site: www.elocapital.com

• MOMENTUM FINANCE. An on-line business magazine that offers regular visitors news and data on U.S., European and Asian stocks. The services are free. Web site: www.momentum.com

• GLOBAL PENNY STOCKS. On-line newsletter that covers listed stocks

carrying a value of \$5 or less from around the globe. For \$39 a year, subscribers receive twice-monthly issues, which contain a dozen or so stocks to buy or short, company news and portfolio updates. The newsletter is low price. Subscribers, former publisher of Penny Stock Preview, Low Price Stock Diggers and Speculator Magazine. Web site: www.pennystock.com

• SKIP NORDSTROM'S GROWTH STOCK NEWSLETTER and SKIP NORDSTROM'S PORTFOLIO PICKS. The Growth Stock Newsletter, a monthly publication, contains current information on small-cap and/or underfollowed U.S.-based companies that the publisher believes have better average growth opportunities. Web site: www.skipnordstrom.com for \$12. Individual issues can be subscribed to for \$1. For subscription information, call 1-716-645-2511. Portfolio Picks, which is a free on-line publication, profiles 10 stocks that companies are either growing quickly or have the potential to do so. Web site: www.skipnordstrom.com/portfolio_picks.html

• WALL STREET CITY. Offers a variety of investment-related services, including news and data on U.S., European and Asian stocks. The services are free. Web site: www.wallstreetcity.com

• GLOBAL PENNY STOCKS. On-line newsletter that covers listed stocks

Asia: Finding Oversights

A Few Choices That Got Lost in the Turmoil

By Philip Segal

WITH THE shakeout in the brokerage business throughout Asia, many small-capitalization stocks have simply fallen off the radar screens of bourses that either fired analysts or found that skittish foreign investors demand liquid securities that they can easily sell. During the market panics that began last summer, it has been hard to get out of some of Hong Kong's large companies. On bad days, small stocks trading at expensive valuations can fall 30 percent or even 50 percent in a matter of hours.

Still, there are a few stocks around with transparent businesses that have maintained healthy looking fundamentals and have performed well relative to the rest of the market. For investors confident that the Hong Kong dollar will maintain its value against the U.S. currency for the next several years, the following stocks bear examination. These shares would look even cheaper to foreign investors who might buy if the peg is broken.

For those wary of a lot of debt on the balance sheet in these perilous times, consider the freight forwarder Baltrans Holdings Ltd. When you call this company, which has no active analyst coverage, the secretary passes you to Chairman Anthony Lau, who cheerfully comes to the telephone: he is the head of the local freight-forwarders' association. A Hong Kong chief executive officer who does not disappear for an entire year between brief annual meetings is an unusual enough phenomenon, but the company's numbers are also worthy of examination.

Mr. Milliken said he expected earnings per share of 20 Hong Kong cents in the year that ended in March and 27 cents in the year to March 1999. In the March 1997 year, earnings were 18 cents.

Hsin Chong has a 127 percent debt-to-equity ratio; its liabilities doubled in 1997. Still, trading at a discount to book value, its dividend yield is 11.33 percent and the stock outperformed the Hang Seng Index by 6 percent over the past 12 months. It trades at a price-to-earnings ratio of 4.21 times this year's projected earnings.

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Dropped by several brokerage houses in Hong Kong, Egana International (Holdings) Ltd. is now followed at Dharma Securities Ltd. by Andrew Tang.

Egana was founded in 1978 by its current chairman, Hans-Joerg Seeger, and sells Asian-made watches and jewelry to Europe, North America and Asia. Fortunately, most of its income is in foreign currency these days, as it distributes products in 80 countries. Sales in Hong Kong, Japan and the rest of Asia are forecast this year to constitute just 27 percent of total revenues, according to Dharma Securities Ltd. by Andrew Tang.

Egana has the worldwide distribution rights for Pierre Cardin watches, and it is licensed exclusively in some markets to sell the Bulova, Raymond Weil and Cerruti 1881 brands, among others.

Trading at 50 cents a share, the stock is down just 9 percent in the year to date and is trading at 12.82 times this year's projected earnings. Better still, it was able to raise its operating margin in 1997 despite the Asian financial crisis. It had higher debt than some of the other companies mentioned here, however: a total debt to common equity ratio of 78 percent.

Egana is listed in Frankfurt and has a new American depository receipt in the United States, but trading the stock in Hong Kong is best. The other listings sometimes go days without seeing a trade.

For further information:

• BALTRANS HOLDINGS traded in Hong Kong under the ticker symbol BLS. Telephone: 852-2577-1111. Fax: 852-2575-3532.

• DBS SECURITIES. Telephone: 852-2226-2002.

• EGANA INTERNATIONAL traded in Hong Kong under the ticker symbol EG and in Frankfurt under the symbol EGAA. Its ADR symbol is EGNY. Trade ADR represents 100 common shares. The company also has a warrant that trades in Hong Kong, expiring before the warrant option on June 18. Investors can profit.

• Last year, the stock outperformed the Hang Seng Index by 18 percent, and ING Barings likes the fact that it is a potential takeover target. The brokerage also said it expected earnings per share to rise by 26 percent for the current

year.

• A designer and maker of women's clothing in China, Hong Kong, Malaysia and Vietnam, Tungtex Holdings is almost debt-free, with a debt-to-equity ratio of just 2.5 percent. Its dividend yield is 13.99 percent, as it trades at 4.62 times estimated earnings. Just one analyst appears to cover this stock: Frank O'Reilly of ING Barings in Hong Kong, who called it "ridiculously cheap" at 77 Hong Kong cents. It is now at 84 cents.

• Last year, the stock outperformed the Hang Seng Index by 18 percent, and ING Barings likes the fact that it is a potential takeover target. The brokerage also said it expected earnings per share to rise by 26 percent for the current

year.

• The Bangladesh Fund

Total return in U.S. dollars since Aug. 1, 1994.

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-50
'94 '95 '96 '97 '98

Source: Standard & Poor's/Merrill

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Herald Tribune INTERNATIONAL SPORTS

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SATURDAY-SUNDAY, MAY 30-31, 1998

WORLD ROUNDUP

Noe Is in the Pink

CYCLING Michele Bartoli won the spill-marred 13th stage of the Tour of Italy on Friday in a three-man sprint in the rain. Andrea Noe, like Bartoli an Italian with the Asics team, finished fourth to take the overall lead.

Bartoli edged his fellow Italians Giuseppe Guerini, of the Polti team, and Paolo Bettini, another Asics rider, at the finish of the 166-kilometer (103-mile) stage from Carpi to Schio. Noe finished three seconds back to take the pink jersey from Laurent Roux who faltered on the final climb.

Alex Zulle, who started the day third, and Marco Pantani were part of a three-man breakaway up the final climb. But both tumbled twice on going downhill on the slippery roads and were passed. (AP)

Chelsea Signs Casiraghi

SOCCER Pierluigi Casiraghi, 29, a striker, became Chelsea's latest Italian recruit Friday, completing a four-year £5.4 million (\$8.9 million) move from Lazio to the English Premier League club. (AP)

Croatia Stumbles

WORLD CUP Croatia lost, 2-1, on Friday to Slovakia in a World Cup warm-up in Porec, Croatia. Tibor Jancula and Jozef Majarov scored Slovakia, which has not qualified for the World Cup. Igor Stimac scored for Croatia.

• In Casablanca, Belgium and England played a 0-0 draw in the King Hassan Cup. Belgium won, 4-3, in a penalty shootout.

• In Belgrade, Yugoslavia beat Nigeria, 3-0. Savo Milosevic and Pedrag Mijatovic were among the scorers.

• Denmark, which is going to World Cup finals, lost, 3-0, Thursday in Malmö to Sweden, which isn't going. Sweden had not scored in its previous four matches.

"We couldn't pass the ball twice without losing it, and it's impossible to play football that way," said Denmark's coach, Bo Johansson, a Swede. (Reuters)

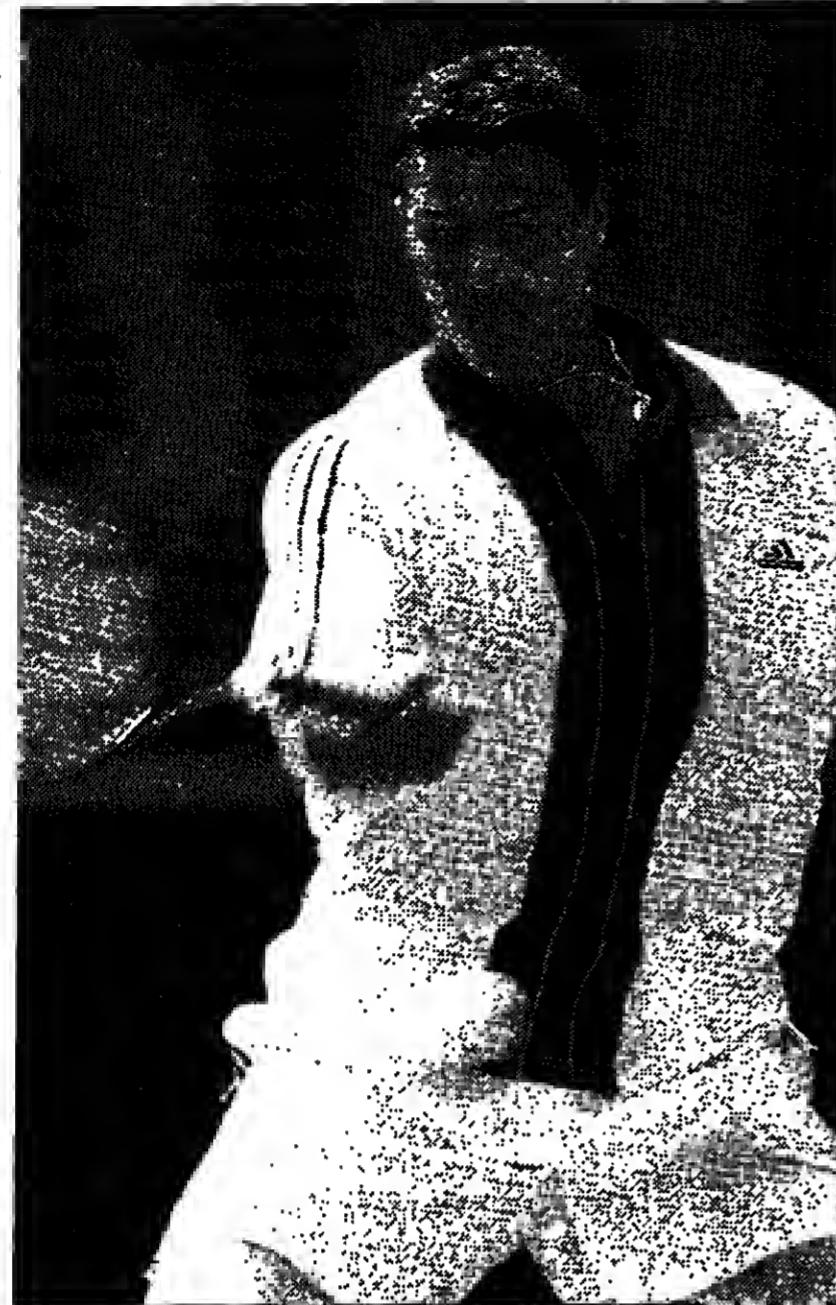
Nearly There, Rower Sinks

ROWING Peggy Boucher, who had hoped to become the first woman to row the Atlantic alone, had to be rescued after capsizing just 120 miles from her goal.

"I thought I was going to die," Boucher, 24, said in her Web site.

Boucher set off from the Canary Islands on March 10. After 3,000 miles and 79 days at sea, a storm capsized her boat on Wednesday 120 miles from her goal, the French Caribbean island of Guadeloupe.

She was rescued after spending the night in the sea. (AP)



Marat Safin of Russia hitting a forehand to Gustavo Kuerten of Brazil on Friday. Safin upset the defending French Open champion in five sets.

FRENCH OPEN

IN PARIS, FRANCE
MEN'S SINGLES
SECOND ROUND

Flip Dewitt, Belgium, def. Moritz Morelli, Holz, 7-6 (7-5), 7-6 (7-5); Dominik Hrbaty, Slovakia, def. Juan Antonio Arribalzaga, Spain, 6-3, 6-4, 6-4; Michael Chang (11), United States, def. John Von Lehnen, Neth., 7-5, 6-2, 3-0 (ret); Alberto Bermejo (16), Spain, def. Gérard Soler, France, 6-3, 6-3, 6-4; Jason Stoltenberg, Argentina, def. Patrick Rafter (4), Australia, 6-4, 6-2, 6-2; Alain Delisle (14), Spain, def. Fernando Vicente, Spain, 6-3, 6-2, 6-3.

Magnus Gutschosen, Sweden, def. David Prinelli, Germany, 6-4, 6-7 (6-13), 6-1; Francisco Clavet, Spain, def. Olivier Ezzat, France, 6-2, 6-4, 6-7 (7-6), 6-1.

Thomas Muster, Austria, def. Christophe Van Garsse, Belgium, 6-2, 4-6, 7-6 (7-3), 6-2; Fabrice Santoro, France, 6-4, 6-2, 6-2, 7-5.

Roman Nedved, Paraguay, def. Sergi Samson, Armenia, 2-6, 7-6 (7-4), 6-4, 7-6 (7-5); Jens Krajicek, Germany, def. John Ver Herck, Belgium, 3-6, 6-4, 6-4, 6-4, 6-2.

WOMEN'S SINGLES

SECOND ROUND

Iva Majoli (10), Croatia, def. Natasha Zvereva, Belarus, 6-3, 6-4; Martina Hingis, Switzerland, def. Sungsun-Hee Park, South Korea, 6-2, 6-2.

Patty Schnyder, Switzerland, def. Julie Heldman-Deutsche Kruger, France, 6-3, 6-4; Silvia Farina, Italy, def. Jana Novotna, South Africa, 6-4, 6-2, 6-2.

Anne Keothavong (13), Russia, def. Ana Corseto, Sweden, 6-4, 6-6; Henrieta Nagyova, Slovakia, def. Nathalie Dechy, France, 7-6 (7-5), 3-6, 6-1.

Monica Seles (6), United States, def. Barbara Schwartz, Austria, 6-1, 6-2; Chanel Rubin, United States, def. Miho Saeki, Japan, 6-3, 6-2.

Ariane Simon, Israel, def. Barbara Rittner, Germany, 6-1, 3-2 (ret); Albert Costa (13), Spain, def. Bohdan Uhlir, Czech Republic, 6-3, 6-4.

Carles Moya (12), Spain, def. Andrew Ilie, Australia, 6-2, 7-6 (7-1), 6-3; Fernando Meligeni, Brazil, def. Todd Woodbridge, Australia, 7-5, 6-3, 6-2.

Kuerten Is Dethroned by This Year's Rising Young Star

Safin, a Russian, Stuns Defending Champion in 5 Sets

By Christopher Clarey
International Herald Tribune

PARIS — It was late in the fifth set on the center court, and it was time for Gustavo Kuerten to stare across the net and see his own reflection.

Marat Safin might be a powerfully built Russian instead of a skinny Brazilian. He might lack Kuerten's long, curly locks and Technicolor tastes in tennis clothing. But the rest of the surprise package must have seemed eerily familiar to the affable surfer from Florianopolis who rode the perfect wave on his way to last year's French Open title.

There, reincarnated in Marat, was the same eagerness to take full swings and large risks from the baseline: the same indefatigable pair of young legs; and, above all, the same insouciance under pressure. "For sure, he'll make a lot of trouble for us," Kuerten said later.

The Brazilian should have used the present tense. Three days after upsetting Andre Agassi in five sets in the first round, Safin upset the defending French Open champion and

THE FRENCH OPEN

eighth seed in five often-scintillating sets on Friday, 3-6, 7-6 (7-5), 3-6, 6-1, 6-4.

"I have nothing to lose, nothing," said the 116th-ranked Safin. "He's No. 7 or No. 10. I don't have any pressure. I just play my tennis from beginning to end."

Safin, 18, is still eligible to play the junior event here. He began his campaign at Roland Garros by struggling to beat the world's 179th-ranked player, Davide Scolari of Italy, in the first round of qualifying. Nine days later, Safin became the first qualifier in the open era to beat the defending champion at a Grand Slam event. The star-making machinery in men's tennis appears to have another new product: created in Moscow, refined in Spain and launched globally and slightly ahead of schedule in Paris.

"I honestly didn't think he'd do something this year," said Rafael Menseus, the Spanish coach who has worked with Safin since he first arrived in Valencia by way of Moscow in December 1993. "I thought he'd be ready to do something big next year around this time."

It remains improbable that Safin, who is playing in his first Grand Slam event, will do something as big as Kuerten last year. He lacks the poise of the Brazilian, although both threw their rackets on Friday, and Safin's spectacular flat groundstrokes do not leave him the kind of margin for error that most recent men's champions at Roland Garros have possessed. But anyone who watched him coolly serve for the march in the fifth sets against Agassi and Kuerten and open with an ace on both occasions knows that Safin is not one to blink first.

"When I first met him, I wasn't sure he would be a great player," Menseus said. "But I was sure he had a great heart and great competitive spirit. You can teach the groundstrokes, but you can't teach that."

What Roland Garros continues to teach us is that clay is a marvelous equalizer, and after Friday, Marcelo Rios is the only one of the top nine seeds still in the men's event. While Kuerten's loss was a surprise, No. 4 seed Patrick Rafter's was not. Though he reached the semifinals here last year when conditions were drier and quicker and won the U.S. Open last September, he has struggled with stardom and his attacking game lately. He lost in the second round to Jason Stoltenberg, a fellow Australian, 6-4, 2-6, 6-3, 6-2. He also received a fine for racket abuse after hurling it for the third time.

Rios, seeded No. 3 and the tournament favorite, has lost only one set in three matches. On Friday, he only had to win one set before Wayne Ferreira, his South African opponent, injured his right ankle while stretching for a forehand at 3-3 in the second set and defaulted. Rios should face a much trickier test when he meets Albert Costa, seeded No. 13, one of the few recent clay-courters, in the fourth round on Sunday.

Costa's fellow Spaniards, Carlos Moya and Felix Mantilla, also advanced to the round-of-16, as did Thomas Muster, who beat Christophe Van Garsse of Belgium. Because of rain delays this week, the bottom half of the men's draw still had second-round matches to complete. When the clay dust cleared, only one American man, Michael Chang, was in the

third round: the least in any Grand Slam in the open era.

"We're in doubles, aren't we?" cracked Chang.

At least American women were thriving. Monica Seles, Venus Williams and, more surprisingly, Chanda Ruhin all advanced to the round-of-16. Martina Hingis, the No. 1 seed, is still firmly on course to collide with Williams in the quarterfinals. She also won her third-round match in straight sets. So did Jana Novotna and Anna Kournikova, while the defending champion, Iva Majoli, won her rain-delayed second-round encounter with Natasha Zvereva, 6-3, 6-4.

But the only second-round encounter that thoroughly captured the imagination on this sunlit Friday was Kuerten vs. Safin. The last time a defending French Open champion lost in the second round was in 1973, when Andres Gimeno of Spain was upset. This time, it was an adopted Spaniard who did the upsetting.

This youngster is 6-foot-4 (1.93 meters) with a powerful

first serve, which he regularly hits above 120 miles per hour (195 kilometers per hour). Despite his height, he is also

extremely mobile, with a huge forehand and a deceptively

huge backhand, which he hits with cocked wrists and two

hands and often in midair. He can generate pace from

anywhere, but is clearly wary of generating high expectations.

After beating Agassi, he predicted he would lose to Kuerten

and then head to Moscow to take the test for his driver's

license. That will have to wait, but he has to pass another test

in Paris on Saturday when he faces Daniel Vacek of the Czech Republic. "I think he's the favorite," said Safin.

Saturday's Top Matches

Dominique Van Roost (15) vs. Serena Williams Big sister is already in the fourth round. Can little sister do the same in her first French Open?

Richard Krajicek (11) vs. Cedric Pioline Sounds like a Wimbledon semifinal, but these big men can slide, too.

Lindsay Davenport (2) vs. Elena Likhovtseva Another

Russian tries to pull an upset.

Photo: Verity/Agence France Presse

BRIEFLY
Chechnya Shooting
Follow Abduction

Perfection Escapes Hasek and Sabres, 4-3

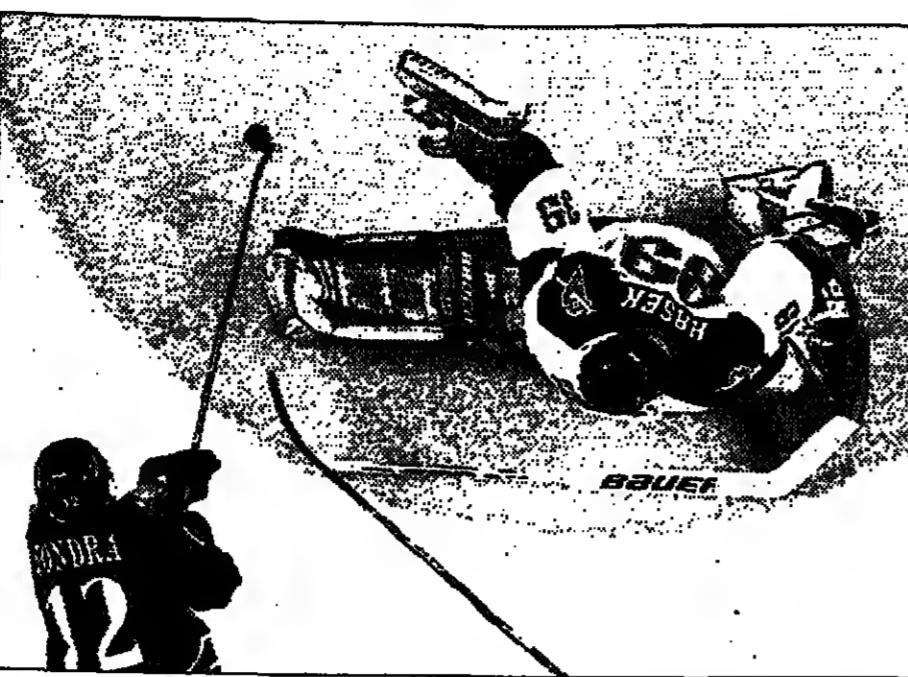
By Joe Lapointe
New York Times Service

BUFFALO, New York — He is not the Dominik Hasek who led the Czech Republic to the gold medal in the Winter Olympic Games. Nor is he the same Hasek who is among the finalists for the Hart trophy this season as the most valuable player in the National Hockey League.

Hasek, the Buffalo Sabres' anchor, is still a good goalie, but one who might be fatigued as the four-round Stanley Cup playoffs near the middle of the third round. Hasek gave up two goals on the first four Washington shots Thursday, then an overtime goal for the second straight game as his Sabres lost to the Capitals, 4-3.

The Washington victory gives the Capitals a 2-games-to-1 lead in the best-of-seven Eastern Conference finals.

Peter Bondra won the game for Washington by scoring on a slap shot from the left wing circle at 9 minutes, 37 seconds of overtime. It was his second goal of



Peter Bondra beating Dominik Hasek to score the opening goal for Washington.

the night. Skating swiftly during a two-on-one break, Bondra fired an arrow that landed in the net after deflecting off Hasek's glove.

During regulation play, Richard Zednik scored two goals for Washington, both on the power play, giving the Capitals a 2-0 lead.

The series was already tense over several themes, including the officiating. In the Capitals' 3-2 overtime Game 2 victory Monday in Washington, the winning goal, the Sabres said, came on a play that should have been whistled to a stop for icing. The National Hoc-

key League officially agreed. Brian Lewis, director of officiating, was quoted Thursday in The Buffalo News as saying: "Obviously, there was an error on our part. We could have done it a little better."

The referee Thursday, Bill McCreary, called four of the first five penalties against the Capitals. But Bondra scored the first goal without argument from Buffalo. After the Sabres failed to clear the puck, Hasek stopped a shot and went down before Bondra pounced on the rebound at 4:57.

Richard Zednik made it 2-0 at 10:27, knocking in a loose puck after Bondra's pass across the slot deflected off a Buffalo defenser. After squandering a two-man advantage, Donald Audette hit in a rebound during a one-man advantage power play at 14:59.

Matthew Barnaby made it 2-2 at 2:08 of the second period, bearing Sergei Gonchar to the puck in the corner.

Brian Holzinger made it 3-2 for Buffalo at 12:12 after the Sabres forward Geoff Sanderson took Gonchar wide and beat him around the net. A Zednik slap shot past Hasek

from inside the dot in the left-wing circle tied the score at 3.

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DAVE BARRY

Titanic II: The Sequel'

Miami — I finally finished the script for the sequel to the movie "Titanic." I am calling it — and let the record show that I thought of this first — "Titanic II: The Sequel."

I have been working on this script, without sleeping or eating, except for two grilled-cheese sandwiches, for the better part of the last 35 minutes. I realize that sounds like a lot of work, but bear in mind that writer/director James Cameron spent nearly twice that long on the script for the original movie, which was entitled "Titanic I, The Original Movie."

As you know, "Titanic I" garnered a record 56 Academy Awards, including Best Major Motion Picture Lasting Longer Than Both O.J. Trials Combined; Most Total Water; Most Realistic Scene of Bodies Falling Off the End of a Sinking Ship and Landing on Big Ship Parts With a Dull Clunking Sound; and Most Academy Awards Garnered.

The movie has made a huge star out of Leonardo DiCaprio, who has shown the world that he is not just a pretty face; he is a pretty face who, if he had been in my high school, would have spent a lot of time being held upside-down over the toilet by larger boys.

The phenomenal success of "Titanic I" has also served as an elegant rebuttal to Cameron's critics. Cameron was especially angry at the Los Angeles Times film critic Kenneth Turan, who said Cameron's writing was trite and devoid of subtlety. I certainly don't want to take sides in this issue, other than to say that James Cameron is easily the most talented human being in world history. I say this out of a sincere desire to have Mr. Cameron pay a hefty sum for my script. Here it is:

(The movie opens with the Titanic II, getting ready to sail. As the ship's horn blasts a mighty departure toot, up runs spunky young Jack Dawson, played by Leonardo DiCaprio. There is seaweed on him! JACK: Whew! I just made it!

ROSE: Jack! I thought you had drowned! To death!

JACK: No! Fortunately, the bitter North Atlantic cold was unable to penetrate my protective layer of hair gel! Who are you?

ROSE: I'm Rose! Remember? You gave your life for me in "Titanic I."

JACK: But Rose was played by Kate Winslet!

ROSE: She didn't want to be in another movie with you, because your cheekbones are so much higher! So the part went to me. Demi Moore!

(The scene shifts to the ship's bridge.) CAPTAIN: Aboy, First Mate! Commence starboard computer animation! Full speed ahead!

FIRST MATE: Sir! We're getting reports of gigantic icebergs directly ahead! Shouldn't we go slow?

CAPTAIN: Don't be silly! What are the chances that we're going to hit another...

(There is a loud crunching sound. Big pieces of ice come through the window, along with several penguins.) CAPTAIN: Dang!

FIRST MATE: Sir! The computerized sinking animation has commenced!

(The scene shifts to the Poop Deck, where the water is rising fast. Jack and Rose are helping women and children into a lifeboat, when an evil villain appears with a gun.) VILLAIN: Out of the way! I'm taking this lifeboat all for myself!

JACK: It's Kenneth Turan, film critic for the Los Angeles Times!

TURAN: That's right, and I shall stop at nothing to get off this ship, because the dialogue is terrible!

JACK: Is not!

TURAN: Is too!

(They commence fighting. Turan, by cheating, gains the upper hand.)

TURAN: I have gained the upper hand! And now, pretty boy, I'm going to... OHMIGOD! NOOO!

(Turin is torn into raisin-sized pieces by an irate horde of young female Leonardo DiCaprio fans.)

JACK: Whew! That was close! Uh-oh! The ship is almost done sinking!

(As the two lovers start to slip beneath the icy cold computerized waves, they embrace. There is a cracking sound.)

JACK: You broke my ribs!

ROSE: Sorry! I have tremendous upper-body strength since starring in "G.I. Jane"!

JACK: Don't worry! As long as my cheekbones are O.K.! (The water slowly closes over them. In the distance, we hear two crew members on a lifeboat, looking for survivors.)

FIRST CREW MEMBER: What's that sound over there?

SECOND CREW MEMBER: It sounds like... Ob my God!

It's Celine Dion!

FIRST CREW MEMBER: Let's get out of here!

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James Cameron is the most talented human in history.

A Baffling Murder-Suicide Stuns Hollywood

By Sharon Waxman
Washington Post Service

ENCINO, California — Brynn Hartman called her friend Andrea Diamond two days ago. She wanted to talk about something, she said, and set up a play date for their daughters for Thursday. "I figured I'd come over and we'd complain about our husbands," the friend said with a sigh.

The play date never happened.

When police officers found the comedian Phil Hartman at 6:45 Thursday morning, he was dead in his bed, from a gunshot wound. His wife, Brynn, had shot and killed herself in the same room as the police came through the open front door. A murder-suicide, they said.

The Harman's two terrified children, Sean, 9, and Birgen, 6, were whisked from the gated, sprawling home in a wealthy enclave of this Los Angeles suburb.

Even by the standards of Hollywood's stranger-than-fiction reality, this was beyond disturbing.

Shocked friends and colleagues were left shaking their heads. "They'd had a lot of ups and downs. He was working a lot. She wasn't happy," said Diamond. She and other friends rushed to the house when they heard the news, but no one seemed able to comprehend what had happened.

"He was exceedingly happy and was looking forward to getting back to work on 'NewsRadio,'" said a close friend who spoke to Hartman on Wednesday. "He had just bought himself a new boat."

If the Hartmans had their difficulties — spending time apart as the actor pursued his career and hobbies, including his private airplane, motorcycle and sports car — no one expected the tragic outcome.

"She left me a really happy message on my answering machine yesterday," said Susan Kaplow, a longtime friend of the 40-year-old former model who was Hartman's third wife. "She was an amazing friend. An amazing mother."

Diamond added: "Something

must have made her crazy for her to do this. Why would she do this? I don't know why she would do this."

Hartman, 49, the chameleon-like actor with the anchorman baritone whose savage impersonations of President Bill Clinton, Jesus and Barbara Bush delighted viewers of "Saturday Night Live" for eight seasons, was at the peak of his career. His critically praised series "NewsRadio" had just been renewed for the fall by NBC. He did regular voice-overs as a series of satirically smarmy characters on "The Simpsons" cartoon show, and he was a central character in the upcoming summer film "Small Soldiers."

Hollywood, accustomed to tales of the offbeat and unusual, was left reeling. Steve Guttenberg, an actor who started out with Hartman in a Los Angeles comedy group called the Groundlings, expressed shock and confusion. "It doesn't make sense. He was wonderful, invigorating," he said, fumbling before television cameras. "It's bizarre."

Jon Lovitz and Dennis Miller, two other comedians, were distraught and weeping as the news came across their television screens, said a friend of both. Friends such as the "Tonight Show" host Jay Leno and the "Simpsons" creator Matt Groening were dumbfounded.

Hartman, a deadpan comic with blandly handsome, malleable looks, was the latest alumnus of the "Saturday Night Live" cast to die tragically. His former colleague Chris Farley died of a drug overdose in December at age 33. John Goodman, the hard-driving, off-depressed comic, also died of an overdose in 1982 at 33. Gilda Radner, a member of the show's original cast, died of ovarian cancer in 1989 at 42. Michael O'Donnoghue, one of the show's original writers and the creator of some of its funniest black comedy sketches, died in 1994 of a stroke at age 54.

But unlike Farley and Goodman, he had the logo for the group Crosby, Stills and Nash — but took a chance on improvisational comedy when he joined the Groundlings in the mid-1970s. He began writing material for Paul Reubens, helping to develop the Pee-wee Herman character.

His comedy career took off in 1986 when he landed a slot in the cast of "Saturday Night Live," becoming a key part of the show's renaissance as a hotbed of comic talent in the late 1980s and early '90s. His dead-on impersonations of a perplexed Clinton, an aging Ronald Reagan, a hard-charging Frank Sinatra and a foolish Ed McMahon were among the highlights of the show.

The producer of "Saturday Night Live," Lorne Michaels, said: "He used to call himself 'The Glue' — that was his name for himself at 'Saturday Night Live.' The thing was he held the show together because of his enormous versatility."

On "NewsRadio," which has been on the air since 1995, Hartman played an egotistical, manipulative radio anchor. Friends said the actor had been looking forward to resuming production in July. Plans for the show are now up in the air, according to executives at the production company, Brillstein-Grey.

But the success of Hartman's career may have contributed to strains in his marriage, friends said. Diamond said: "He was very good at what he did. That's why a lot of marriages don't work out, but they were together for quite some time. That's why so many people are shocked; they hung in there." Other friends said that the Hartmans' marriage had its rough moments, pointing to alleged infidelities. "He adored her," Diamond said, however. "I'd catch him looking at her across the room — you could tell by the way he looked at her. Whether he knew how to treat her the right way, I don't know."

A police spokesman, Lieutenant Anthony Alba, said that the authorities responded to a call from neighbors who reported gunshots at 6:20 A.M. Officers found the front door ajar, with Sean in the front room. They removed him from the house and were about to get his sister, Birgen, when they heard shots coming from a master bedroom toward the back of the house.

"At this point, it is known for sure that she died of a self-inflicted gunshot wound," Alba told a news conference. He said he was "unaware" of any previous police visits to the house, on a stately quiet street just off the main commercial strip in Encino.

Said Diamond: "They had something everybody dreams of — and look what happens."



The comedian Phil Hartman and his wife, Brynn, in 1992.

Hartman was not especially known as a tortured comic soul, and he was both widely admired and liked in the entertainment community. Flush with professional success, he was working constantly and earning more than ever. In addition to his work on "NewsRadio," Hartman had landed roles in such movies as "Sgt. Bilko" and "Houseguest" and had become a well-paid spokesman for such products as Slice soft drinks. Pontiac cars and a California bank.

The comedian came late to his acting career. Born in Canada, Hartman was raised in Connecticut and Southern California, where he studied to be a graphic designer. He created rock album covers — in-

PEOPLE

HAVE you heard the one about Tony Blair's mother-in-law and the Spanish prime minister? Or how Blair hung on the queen? The British prime minister had an audience in fits of laughter with tales of his political life in a television chat show. Blair told how he had sent his family, including his mother-in-law, ahead to Spain for an Easter break with Prime Minister Jose Maria Aznar while he was detained by peace talks in Northern Ireland. When he finally arrived he told Aznar he feared they would not have enough time for talks. "Don't worry about all that," Aznar told him. "I've spoken to your mother-in-law and we've sorted all that out." Blair also told how Queen Elizabeth had called him on his mobile telephone when he was on a plane about to take off. The moment Blair answered, the pilot ordered him to switch his phone off. "I don't care who it is, mate," Blair was told. "Rules are rules."

Mayor Wellington Webb's flair at organizing a summit meeting of world leaders in Denver last summer has earned him a national honor — from France. President Jacques Chirac has designated Webb as a recipient of the Chevalier of the Legion of Honor, a spokesman for the mayor said. Webb will receive the honor in a ceremony in Denver.

The actor Charlie Sheen was ordered to wear an electronic monitoring device and stay at drug treatment centers until a hearing July 1 on charges he violated probation by engaging in

drug activity. His father, Martin Sheen, asked prosecutors to file the violation, which is connected to a battery conviction last year, and to issue an arrest warrant for his son, said the district attorney's office in Malibu, California. Charlie Sheen, 32, looking thin and pale, showed up in court accompanied by his father and the actors Sean Penn and Mira Sorvino. Two years ago, Sheen said he had given up alcohol and drugs. But last week he was hospitalized after a reported overdose.

The Spice Girls are sticking to their story that Ginger Spice is battling a bug. But the rumor mill cranked up Friday over the Spice Girls' future after Geri Halliwell failed to perform with the group for a second straight night. A spokeswoman said Halliwell's absence was caused by a stomach bug. But The Sun, a British tabloid, reported that the singer had walked out after a "hazing row," and possibly for good. The Spice Girls performed Thursday in Oslo as a quartet, and also appeared without Halliwell on British television on Wednesday. They are scheduled to head for the United States in June for a 40-city tour.

The son of a former U.S. senator, George McGovern, is heading to jail for violating his probation. Steven McGovern, 45, had received a six-month suspended sentence for beating his former fiancée. He pleaded guilty on Wednesday to beating and kicking her again. His lawyer said his client was working hard to control his "problem," which he blamed on alcoholism.

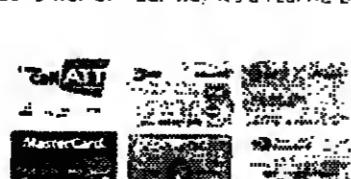


CHAMP — Jody-Anne Maxwell, 12, of Jamaica after winning the 71st National Spelling Bee in Washington. She triumphed by correctly spelling "chiaroscuroist."

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